

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
CITY OF WESLACO, TEXAS  
FISCAL YEAR ENDED SEPTEMBER 30, 2011**

**Issued By:**

**LEONARDO OLIVARES, City Manager**

**SONIA T. FLORES, Interim Finance Director**

**GOVERNMENT  
EXHIBIT  
148**

**CITY OF WESLACO, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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**PART I**

**INTRODUCTION SECTION**

**CITY OF WESLACO, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**YEAR ENDED SEPTEMBER 30, 2011**

**CITY OFFICIALS**

Mayor	Miguel D. "Mike" Wise John F. "Johnny" Cuellar Mayor Pro-Temp  Robert Garza Olga Noriega Gerardo "Jerry" Tafolla Lupe V. Rivera Joe A. Martinez
City Manager	Leonardo Olivares
Interim Finance Director	Sonia T. Flores
City Secretary	Elizabeth M. Walker
City Attorney	Ramon Vela
Chief Appraiser	Rolando Garza Hidalgo County Appraisal District
Collector of Taxes	Armando Barrera, Jr. County of Hidalgo
Chief of Police	Juan Sifuentes
Fire Chief	Santiago "Jimmy" Cuellar
Municipal Court Administrator	Rosa Badillo
Human Resources Director-Interim	Elvia Rios
Planning Director	Jorge A. Gonzalez
Information Technology	Epifanio R. Garcia
Parks & Recreation Director	Jose Guadalupe Garcia
Public Facilities Director	Oscar Garcia
Public Utilities Director	David Salinas
Library Director	Arnold Becho
Aviation Director/Emergency Management	George P. Garrett

# City of Weslaco

*"The City on the Grow"*



Miguel D. Wise, Mayor  
John F. Cuellar, Mayor Pro-Tem, District 2  
Robert J. Garza, Commissioner, District 1  
Olga M. Noriega, Commissioner, District 3  
Gerardo "Jerry" Tafolla, Commissioner, District 4  
Lupe V. Rivera, Commissioner, District 5  
Joe A. Martinez, Commissioner, District 6

Leonardo Olivares, City Manager

May 11, 2012

The Honorable Miguel D. Wise  
255 S. Kansas Ave  
Weslaco, Texas 78596

Dear Mayor Wise:

The Finance Department and City Manager's Office is pleased to submit the Comprehensive Annual Financial Report for the City of Weslaco, Texas for the fiscal year ended September 30, 2011.

This report is published to provide the City Commission, City staff, our citizens, our bondholders, and other interested parties with detailed information concerning the financial condition and activities of the municipal government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Garcia & Pena, CPA's, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

255 S. KANSAS AVE. ■ WESLACO, TEXAS 78596-6285 ■ 956-968-3181 ■ WWW.WESLACOTX.GOV

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Financial Audit FY 2011

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available on pages 232-235 in this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

The City of Weslaco, Texas, established in 1919, is located in the southern tip of Texas in the heart of the Rio Grande Valley, which is considered to be one of the top growth areas in the state, and in the country. The City currently occupies a land area of 15 square miles and serves a population of 35,670. The City is authorized to levy a property tax on both real and personal properties located within its boundaries. It also is authorized by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Commission.

The City of Weslaco has operated under the council-manager form of government since incorporation in 1928. Policy-making and legislative authority are vested in a City Commission consisting of the Mayor and six Commissioners. The City Commission is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney. The City Manager is responsible for implementing the policies and ordinances of the City Commission, for managing the day-to-day operations of the City, and for appointing the directors of the various departments. The Commission is elected on a non-partisan basis. The Mayor and Commissioners serve three-year staggered terms, with two commissioners elected every year except for every third year when the Mayor is elected.

The City provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; and recreational activities and cultural events. Water, sewer, and sanitation service is also provided by the City. The City also is financially accountable for a legally separate economic development corporation, which is reported separately within the City of Weslaco's financial statements. Additional information on this legally separate entity can be found in Note A in the notes to the financial statements.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager during the budget process. The City Manager uses these requests to initiate a proposed budget. The City Manager then presents this proposed budget to the Commission for review. The City Commission is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the end of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department directors may, with City Manager's approval, make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special

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Financial Audit FY 2011

approval of the City Commission. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 77-85 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the special revenue funds subsection of this report on page 89.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

**Local economy.** The City currently is experiencing record sales tax revenues. The last fiscal year we have seen positive growth over the prior year. This has occurred twice within this current fiscal year. The ongoing expressway expansion will provide an enhanced infrastructure to further fuel the City's growth.

The taxable assessed value of property in the City remained stable for this fiscal year. The growth in the City has offset the lower housing values that have impacted the entire country. The unemployment rate has maintained at 11.3%. The current labor force is approximately 13,000 workers.

**Long-term Financial Planning.** One of the projects that the City has undertaken has been the Reduction in Force (RIF). Due to the approval of several 380 agreements, this represented a long-term structural reduction of General Fund Revenues. The RIF resulted in 24 employees leaving City service. This will decrease the annual operating costs by approximately \$1.0 million.

The City Commission has also been focusing on the City's property tax rate. This focus has been driven by the desire to give taxpayers the best value for their money as well as making Weslaco more attractive to business and residents looking to relocate. The City Commission has held the City's property tax rate steady at a rate of \$0.6967 per \$100 of valuation. The budget adopted for the 2012 fiscal year remains unchanged at \$0.6967 per \$100 of valuation.

The City continues to look for ways to maximize the collection of funds owed to the City. This strategy along with equitable user fees is preferable to increases in the property tax rate. We are constantly striving to increase the efficiency of the City's operations in ways that will enhance the services provided to our citizens.

**Cash management policies and practices.** Cash temporarily idle during the year was invested in certificates of deposit, obligations of agencies of the United States. The maturities of the investments ranged from 1 month to 3 years, with an average maturity of 13 months. All funds kept with the depository bank are collateralized at a minimum rate of 102% of the market value. The City's objectives for managing cash include safety, liquidity, yield, and public trust.

**Pension and other post employment benefits.** The City of Weslaco contributes to a single-employer defined benefit pension plan for its fire fighters. Every few years, an independent actuary engaged by the pension plan calculates the amount of benefits that can be paid to beneficiaries of the plan in light of the number of participants, contribution rates, and projected investment earnings, in order to ensure that the plan will be able to fully meet its obligations to

Financial Audit FY 2011

retired employees on a timely basis. As a matter of policy, the City of Weslaco fully funds each year's annual required contribution to the pension plan as determined by the actuary.

The City of Weslaco also provides pension benefits for its employees not covered by the firemen's pension plan. These benefits are provided through a defined contribution plan in the state-wide Texas Municipal Retirement System (TMRS). The City of Weslaco has no obligation in connection with employee benefits offered through this plan beyond its contractual payments to TMRS.

Additional information on the City of Weslaco's pension plan benefits can be found in Note K in the notes to the financial statements.

#### **Acknowledgements**

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration departments. We would like to express our appreciation to all staff that assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Commission for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Weslaco finances.

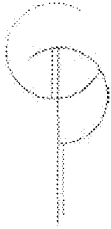
Sincerely,

A handwritten signature in dark ink, appearing to read 'Leonardo Olivares', is written over a light blue horizontal line.

Leonardo Olivares, JD MPA  
City Manager

LO:rp

**PART II**  
**FINANCIAL SECTION**



## GARCIA & PENA

Certified Public Accountants

R.O. Box 8032

301 West 4th

Weslaco, Texas 78599

956-969-1433 • Fax 956-968-1467 • 956-421-4601

Manuel B. Garcia, CPA  
Jaime X. Pena, CPA

### Independent Auditor's Report on Financial Statements

Honorable Mayor and  
Members of the City Commission  
City of Weslaco  
255 S. Kansas Ave.  
Weslaco, Texas 78596

Honorable Mayor and Members of the City Commission:

We have audited the accompanying basic and combining financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Weslaco, Texas as of and for the year ended September 30, 2011, which collectively comprise the City of Weslaco, Texas basic and combining financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City of Weslaco, Texas management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Weslaco, Texas as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Also, in our opinion, the combining financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the aggregate remaining fund information of the City of Weslaco, Texas and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2012, on our consideration of the City of Weslaco, Texas internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. This report also covers the compliance with Title 49 U.S. Code as it applies to airport revenues and local taxes on aviation fuel.

Management's discussion and analysis and the schedules of funding progress for the Texas Municipal Retirement System on page 69 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on them.

Our audit was performed for the purpose of forming opinions, on the financial statements which collectively comprise the City of Weslaco, Texas' basic and combining financial statements. The accompanying schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations and the supporting schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic and combining financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic and combining financial statements taken as a whole. The introductory section and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic and combining financial statements and, accordingly, we express no opinion on them.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

The bond ordinances authorizing the issuance of waterworks and sewer system revenue bonds require that the independent auditors disclose the information of items (a) and (g). Part of this statistical information is a non-accounting nature and is presented in this report. This information was obtained by us from the records of the City of Weslaco. We did not make tests of the data underlying the statistics presented herein, as they do not involve information which enters into the financial statements.

- a. Detail statements of income and expenses:

The statements are presented on page 112 of the annual report. Also, income and expenses are regrouped on page 116 to indicate net revenue available for debt service as recommended by the Municipal Advisory Council of Texas.

- b. Balance sheet at the end of the fiscal year:

The balance sheet of the Water and Sewer Revenue Fund is presented as pages 110 and 111 of the annual report.

- c. Accountants' comment regarding the manner in which the City has complied with the ordinances, and recommendations for any changes or improvements in the operations, records, and accounts of the system:

The City has met the requirements of these ordinances in all material respects.

- d. List of insurance policies in force at the end of the fiscal year:

A schedule of insurance coverage is presented on page 190 to 195 of the annual report.

- e. The number of properties connected with each system and total income from each system for the year are:

	<u>Connected Properties</u>	<u>Income</u>
Waterworks	9,972	\$ 4,728,977
Sewer System	9,056	\$ 3,772,857

- f. The number of unmetered customers for each system at the end of the year:

None

- g. The number of gallons of water registered through the master meter and the Number of gallons sold through the year:

Gallons pumped at filter plant	2,193,677,000
Gallons sold (estimated)	1,676,605,700



Garcia & Pena, CPAS  
Certified Public Accountants

May 11, 2012

## **Management's Discussion and Analysis**

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As management of the City of Weslaco, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Weslaco for the fiscal year ended September 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages a - f of this report.

### **Financial Highlights**

- The assets of the City of Weslaco exceeded its liabilities at the close of the most recent fiscal year by \$50,424,460 (net assets). Of this amount, \$3,071,422 represents unrestricted net assets. This amount may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Weslaco's governmental funds reported combined ending fund balances of \$6,244,770. Approximately 21.30% of this total amount, \$1,330,224 is available for spending at the government's discretion (undesignated fund balance).
- At the end of the current fiscal year, the general fund's fund balance was (\$836,818), or .407% of total general fund expenditures.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the City of Weslaco's basic financial statements. The City of Weslaco's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements** – The government-wide financial statements are designed to provide readers with a broad overview of the City of Weslaco's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of Weslaco's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Weslaco is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

## Management's Discussion and Analysis

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Both of the government-wide financial statements distinguish functions of the City of Weslaco that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Weslaco include general government, public safety, highways and streets, economic development, and culture and recreation. The business-type activities of the City of Weslaco include water and sewer, sanitation, and an airport.

The government-wide financial statements include not only the City of Weslaco itself (known as the primary government), but also the Weslaco Economic Development Corporation (EDC), which is a legally separate entity. The City Commission appoints the EDC board members and sets expenditure caps over which the City of Weslaco Commissioners' approval is required. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 13-16 of this report.

**Fund financial statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Weslaco, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Weslaco can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Weslaco maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general



## Management's Discussion and Analysis

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fund, the debt service fund, the Economic Development Corporation, and the capital projects fund, all of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Weslaco adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17-23 of this report.

***Proprietary funds.*** The City of Weslaco maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Weslaco uses enterprise funds to account for its water and sewer fund, for its sanitation fund and for its airport fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Weslaco's various functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund, the sanitation fund, and the airport fund, all of which are considered to be major funds of the City of Weslaco. Individual fund data for the internal service fund is provided elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 24-31 of this report.

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Weslaco's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 141-144 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32-68 of this report.

## Management's Discussion and Analysis

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### Government-wide Financial Analysis

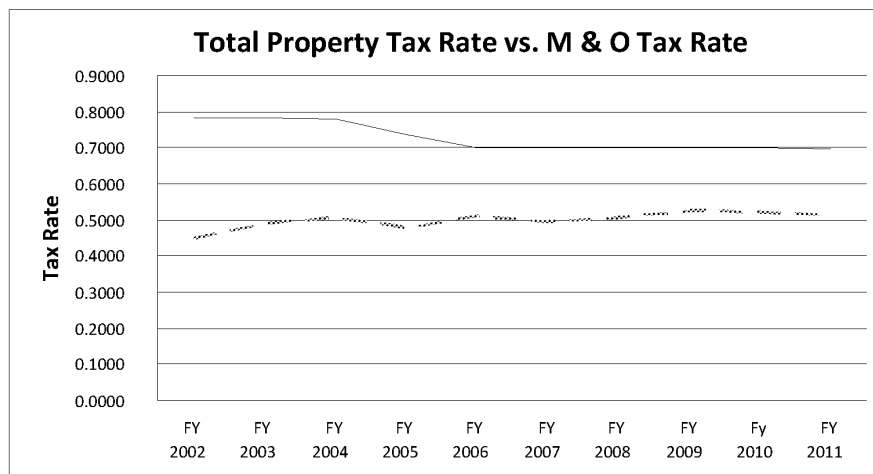
As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Weslaco, assets exceeded liabilities by \$50,424,460 at the close of the most recent fiscal year.

The City of Weslaco's net assets available for capital projects acquisition is \$1,042,371, which reflect 2.07% of total net assets. On September 30, 2011, the City had an outstanding bonds balance of \$54,605,000 and had \$918,806 in cash to be used for completing the 2007 bond issues projects.

An additional portion of the City of Weslaco's net assets (3 percent) represents other resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* is a \$3,864,065. This amount may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Weslaco is able to report positive balances of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

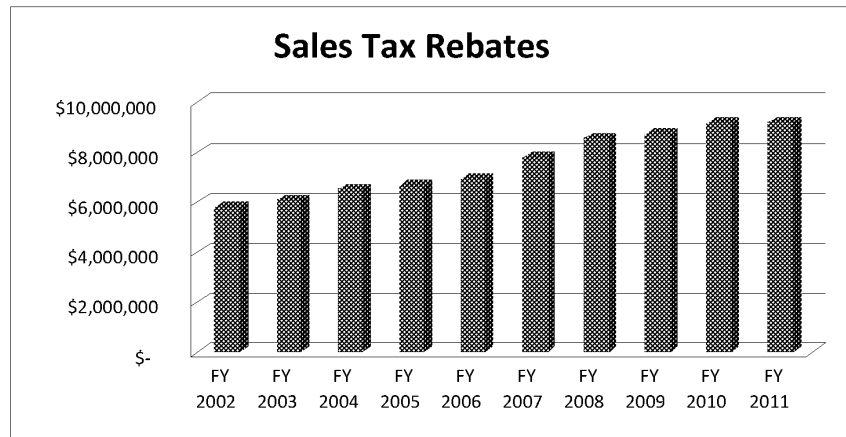
**Governmental activities.** The property tax levy increased by \$60,842 (.66 percent) during the year due mostly to new development and construction. The tax rate has been reduced or maintained each year for the last eight years. This has been due to a concerted effort on the part of the City Commission to maintain or reduce the tax rate. Below is a graph showing the changes in the maintenance and operation (M & O – used for operations of the City) as it compares with the total property tax rate that includes the debt service portion of the tax rate as well.



## Management's Discussion and Analysis

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Sales tax rebates amounted to \$9,864,624 for the year with an increase of \$646,272 or 7.01% over the last fiscal year. Of the total amount collected, 25% goes to the Weslaco Economic Development Corporation. The remainder stays in the General Fund with some of those funds being used for the operation of the library.



Operating grants for governmental activities amounted to \$-0- in the General Fund. It is the practice of the City of Weslaco to utilize grant revenues whenever possible to improve city services and quality of life in our community.

**Business-type activities.** Business-type activities accounted for 57.10% of the City of Weslaco's net assets.

- The water and sewer rates were adjusted during the current fiscal year by 6%. The rate increases were necessary to increase bond debt service coverage ratios and to provide for needed capital improvements. Some of the planned capital improvements include a new water plant as well as renovations to the north sewer plant.
- The net assets of the Water & Sewer Fund increased by \$770,247. Revenues increased by \$717,287 and expenses increased by \$61,399.
- The net assets of the Sanitation Fund increased by \$46,439. Revenues decreased by \$88,567, and expenses increased by \$562,781.
- The net assets of the Airport Fund decreased by \$174,501. The Airport Fund receives revenues from fuel sales, hangar rentals, and grants. Any shortfalls are subsidized by the General Fund. Grants from the state are utilized when possible to improve and maintain the airport.
- Investment earnings decreased by \$618,241 for business-type activities because of an overall decrease in the amount of cash and cash investments.

## Management's Discussion and Analysis

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### Financial Analysis of the Government's Funds

As noted earlier, the City of Weslaco uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City of Weslaco's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Weslaco's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Weslaco's governmental funds reported combined ending fund balances of \$6,244,770. Approximately 44.92% of this total amount \$2,805,446 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period, or 2) to pay debt service.

The general fund is the chief operating fund of the City of Weslaco. At the end of the current fiscal year, the general fund's unreserved fund balance was \$484,194, the total fund balance reached \$836,818. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 2.6 percent of total general fund expenditures, while total fund balance represents 4.5 percent of that same amount. While it is recommended that the General Fund should have an unreserved fund balance of no less than 5 to 15% of operating expenditures, the City has placed the target for unreserved fund balance in the General Fund at 25%. The City has implemented a fiscal forecast model that is designed to increase the fund balance in the General Fund to 25% by the year 2015.

- The City Commission decreased the tax rate to \$.6967 for the 2011 tax levy. The decrease in the tax rate contributed to budgetary challenges and decreased in the fund balance.

- It was a modest year for sales tax revenues which increased by 7.01% over the prior year. The increase in the sales tax revenues can be attributed at least in part to retail development on the expressway. Now that the expressway expansion is complete it is reasonable to expect the economic growth to continue.

The debt service fund has a total fund balance of \$924,187 after all scheduled debt service payments were made, all of which is reserved for the payment of debt service. It is prudent to maintain a fund balance in the debt service fund up to one year's debt service payments. The scheduled tax supported debt service payments for fiscal year 2011 was \$2,498,232, with defeased bonds paid of \$3,920,396, for a total of \$6,418,628.

## **Management's Discussion and Analysis**

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**Proprietary funds.** The City of Weslaco's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$1,657,665, the unrestricted assets for the Sanitation Fund amounted to \$946,376 and those for the Airport Fund amounted to \$(70,200). Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of Weslaco's business-type activities.

### **Capital Asset and Debt Administration**

**Capital assets.** The City of Weslaco's investment in capital assets for its governmental and business type activities as of September 30, 2011, amounts to \$101,753,036 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City of Weslaco's investment in capital assets for the current fiscal year was 19.81% (a 22.06% increase for business-type activities, and 17.77% increase for governmental activities).

Additional information on the City of Weslaco's capital assets can be found in note F on pages 44-45 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Weslaco had total bonded debt outstanding of \$54,605,000. Of this amount, \$23,844,716 comprises debt backed by the full faith and credit of the government. The remainder of the City of Weslaco's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The City of Weslaco currently has a "BBB+" rating from Standard & Poor's and a "Baa2" rating from Moody's for general obligation debt. This is reflective of the rating review in January 4, 2012 by both rating agencies. The prior ratings were "Baa1" from Moody's and "A-" from Standard & Poor's.

In 1995, the State Legislature enacted a 10% (of taxable valuations) debt limit rate for school districts in Texas and has subsequently been used by municipalities as a general rule in computing debt margin.

Additional information on the City of Weslaco's long-term debt can be found in note G on pages 46-52 of this report.

### **Economic Factors and Next Year's Budget**

- The employment rate for the City of Weslaco is currently 88.7 percent, compared to 89.3 percent a year ago. This rate compares to the state's average employment rate of 92.0 percent.

## Management's Discussion and Analysis

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• Due to a desire by the City Commission to make the City of Weslaco more attractive to businesses and individuals, the adopted property tax rate was reduced to \$.6967 per \$100 of valuation for fiscal year 2011. This tax rate represents the lowest tax rate in thirteen years, as well as a concerted effort on the part of the City Commission and staff to continue the downward trend on the tax rate. While the City Commission is doing there part to keep the tax rate as low as possible it is important to note that the City's tax rate is only one of six tax rates from all taxing entities that together make up the total tax rate for Weslaco's citizens. Weslaco's total tax rate is quite favorable when compared with other cities in the area.

<b>Taxing Entity</b>	<b>McAllen</b>	<b>Mission</b>	<b>Weslaco</b>	<b>Edinburg</b>	<b>Pharr</b>
<i>Population</i>	130,767	77,586	35,193	77,613	70,888
<i>Valuation</i>	\$ 8,793,680,597	\$ 3,752,857,926	\$ 1,723,932,887	\$ 3,931,865,593	\$ 2,616,483,119
City	\$ 0.4313	\$ 0.5388	<b>\$ 0.6967</b>	\$ 0.6350	\$ 0.6800
Drainage	0.0725	0.0725	<b>0.0725</b>	0.0725	0.0725
Hidalgo					
County	0.5900	0.5900	<b>0.5900</b>	0.5900	0.5900
STC	0.1497	0.1497	<b>0.1491</b>	0.1497	0.1497
ISD	0.1650	0.1300	<b>1.1397</b>	1.2398	1.3592
STISD	0.0492	0.0492	<b>0.0492</b>	0.0492	0.0492
<b>Total</b>	<b>\$ 1.4577</b>	<b>\$ 1.5302</b>	<b>\$ 2.6971</b>	<b>\$ 2.7362</b>	<b>\$ 2.9006</b>

*Note: Population figures are 2010 estimates obtained from the U.S. Census Bureau.*

*Valuation represents "Net Taxable Before Freeze as reported by the Hidalgo County*

*Appraisal District for tax year 2010.*

*Tax rates are for tax year 2010 and were obtained from the Hidalgo County Appraisal District.*

### Requests for Information

This financial report is designed to provide a general overview of the City of Weslaco's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 255 S Kansas Avenue, Weslaco, Texas, 78596.

## **Management's Discussion and Analysis**

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**BASIC FINANCIAL STATEMENTS**



**CITY OF WESLACO, TEXAS**  
**GOVERNMENT-WIDE STATEMENT OF NETS ASSETS**  
**SEPTEMBER 30, 2011**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash investments	\$ 4,210,371	\$ 1,936,201	\$ 6,146,572
Receivables (net of allowance for doubtful accounts)			-
Utility receivables		2,085,976	2,085,976
Ad valorem taxes	1,612,103		1,612,103
Sales taxes	810,427		810,427
Ambulance fees	104,952		104,952
Other	322,276		322,276
Other assets	5,000		5,000
Due from other governments	194,970	221,630	416,600
Internal balances	766,593	(766,593)	-
Notes receivables	1,874,737		1,874,737
Due from others			-
Prepaid items			-
Inventories	57,391	147,097	204,488
Assets held for resale	247,721		247,721
Long-term note receivable (SDI Weslaco Holdings, LLC)	2,135,021		2,135,021
Restricted assets:			
Cash and cash investments	913,241	2,584,441	3,497,682
Capital assets:			
Land	4,223,735	2,551,870	6,775,605
Buildings	18,828,753	1,010,863	19,839,616
Equipment	8,999,574	7,327,114	16,326,688
Improvements	36,988,674	44,439,921	81,428,595
Infrastructure (380 Agreements)	7,629,307		7,629,307
Construction-in-progress		24,195,770	24,195,770
Accumulated depreciation	(25,991,188)	(28,451,357)	(54,442,545)
<b>Total assets</b>	<b>\$ 63,933,658</b>	<b>\$ 57,282,933</b>	<b>\$ 121,216,591</b>

The notes to the financial statements are an integral part of this statement

**CITY OF WESLACO, TEXAS**  
**GOVERNMENT-WIDE STATEMENT OF NETS ASSETS**  
**SEPTEMBER 30, 2011**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Liabilities</b>			
Accounts payable	\$ 709,709	\$ 729,674	\$ 1,439,383
Accrued salaries payable	38,842		38,842
Bank overdraft		36,406	36,406
Compensated absences payable	191,261	208,958	400,219
Contracts payable	248,457	513,692	762,149
Other liabilities	259,952	133,063	393,015
Volunteer Separation Payable			-
Trust-Boy's & Girl's Club	397,595		397,595
Trust-Friends of the Library	486,479		486,479
Trust-PEG	29,167		29,167
Revolving Loan-Contingency			-
Deferred revenue	995,227		995,227
Payable from restricted assets:			-
Current portion of long-term debt			-
Revenue bonds payable		940,492	940,492
Accrued interest	173,735	176,932	350,667
Deposits		822,065	822,065
Due within one year	2,188,334		2,188,334
Non-current liabilities:			-
Due in more than one year	36,681,513	24,929,117	61,610,630
<b>Total Liabilities</b>	<u>42,400,271</u>	<u>28,490,399</u>	<u>70,890,670</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	13,944,029	25,204,572	39,148,601
Restricted for:			-
Prepaid items			-
Debt service	1,618,055	665,631	2,283,686
General fund	836,818		836,818
Special revenue funds	3,150,380		3,150,380
Capital projects	653,881	388,490	1,042,371
Unrestricted	1,330,224	2,533,841	3,864,065
<b>Total Net assets</b>	<u>\$ 21,533,387</u>	<u>\$ 28,792,534</u>	<u>\$ 50,325,921</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 63,933,658</u>	<u>\$ 57,282,933</u>	<u>\$ 121,216,591</u>

The notes to the financial statements are an integral part of this statement

**CITY OF WESLACO, TEXAS**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**SEPTEMBER 30, 2011**

Program Activities	Expenses	Program Revenues		
		Fees, Fine and Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities</b>				
General government and administration	\$ 4,426,526	\$ 363,068	\$ -	\$ -
Public safety	11,562,667	695,632	-	407,389
Emergency medical services	398,347	948,437		48,770
Public works	2,669,907			
Health	104,426	129,033		
Culture and recreation	1,144,997	59,200		44,004
Development services	3,101,439	71,820		
Sales tax rebates	98,539			
Interest on long-term debt	1,452,443			
<b>Total governmental activities</b>	<u>24,959,291</u>	<u>2,267,190</u>	<u>-</u>	<u>500,163</u>
<b>Business-type activities:</b>				
Water and sewer	7,768,721	9,411,060		107,090
Sanitation	3,863,097	4,127,015		
Airport	532,689	111,261		46,927
<b>Total business-type activities</b>	<u>12,164,507</u>	<u>13,649,336</u>	<u>-</u>	<u>154,017</u>
<b>Total governmental and and business-type activities</b>	<u>\$ 37,123,798</u>	<u>\$ 15,916,526</u>	<u>\$ -</u>	<u>\$ 654,180</u>

**General Revenues**

Taxes:  
Ad valorem  
Sales  
Occupancy  
Other  
Franchise fees  
Intergovernmental  
Investment earnings  
Gain (loss) on sale/retirement of  
capital assets  
Miscellaneous  
Rescindment of Revolving  
Loan Contingency

**Transfers**

**Total general revenues and transfers**

**Change in net assets**

**Net assets at beginning of year,  
as restated**

**Net assets at end of year**

The notes to the financial statements are an integral part of this statement

Net (Expenses) Revenue And Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
\$ (4,063,458)	\$ -	\$ (4,063,458)
(10,459,646)		(10,459,646)
598,860		598,860
(2,669,907)		(2,669,907)
24,607		24,607
(1,041,793)		(1,041,793)
(3,029,619)		(3,029,619)
(98,539)		(98,539)
(1,452,443)		(1,452,443)
<u>(22,191,938)</u>	<u>-</u>	<u>(22,191,938)</u>
	1,749,429	1,749,429
	263,918	263,918
	(374,501)	(374,501)
<u>-</u>	<u>1,638,846</u>	<u>1,638,846</u>
<u>\$ (22,191,938)</u>	<u>\$ 1,638,846</u>	<u>\$ (20,553,092)</u>
9,632,751		9,632,751
9,864,624		9,864,624
358,390		358,390
71,488		71,488
1,653,298		1,653,298
77,375		77,375
64,147	109	64,256
100,339	-	100,339
301,972		301,972
550,000		550,000
996,770	(996,770)	-
<u>23,671,154</u>	<u>(996,661)</u>	<u>22,674,493</u>
1,479,216	642,185	2,121,401
<u>20,054,171</u>	<u>28,150,349</u>	<u>48,204,520</u>
<u>\$ 21,533,387</u>	<u>\$ 28,792,534</u>	<u>\$ 50,325,921</u>

The notes to the financial statements are an integral part of this statement

**GOVERNMENTAL-TYPE  
ACTIVITIES**

**CITY OF WESLACO, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

	General	Debt Service	Economic Development
<b>Assets</b>			
Cash and cash investments	\$ 466,809	\$ 524,966	\$ 2,021,020
Receivables (net where applicable of allowance for doubtful accounts):			
Ad valorem taxes	1,160,936	451,167	
Sales taxes	810,427		
Ambulance fees	104,952		
Other	246,722		10,590
Other assets	5,000		-
Due from other funds	929,905	361,961	202,607
Due from other governments	194,970		
Notes receivable			4,009,758
Restricted Cash	913,241		
Prepaid items			
Inventories	57,391		247,721
<b>Total Assets</b>	<u>\$ 4,890,353</u>	<u>\$ 1,338,094</u>	<u>\$ 6,491,696</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Liabilities:			
Accounts payable	\$ 695,627	\$ -	\$ 14,078
Accrued salaries and payroll taxes	32,363		6,479
Contracts payable	150,807		97,650
Due to other funds	727,880		
Compensated balances	191,261		
Volunteer separation payable			
Other liabilities	240,035		19,917
Trust account	913,241		
Deferred revenues	1,102,321	413,907	3,130,248
<b>Total Liabilities</b>	<u>4,053,535</u>	<u>413,907</u>	<u>3,268,372</u>
<b>Fund Balances</b>			
<b>Nonspendable:</b>			
Inventory	57,391		247,721
<b>Restricted for:</b>			
Debt service reserve			693,868
<b>Committed for:</b>			
Public safety equipment	102,257		
Excess sales tax receipts	167,976		
<b>Assigned to:</b>			
Project development			600,000
Library acquisition			
Debt service		924,187	
Public pool	25,000		
Capital projects			
Unassigned:	484,194		1,681,735
<b>Total Fund Balances</b>	<u>836,818</u>	<u>924,187</u>	<u>3,223,324</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 4,890,353</u>	<u>\$ 1,338,094</u>	<u>\$ 6,491,696</u>

The notes to the financial statements are an integral part of this statement

Capital Projects	Non-Major Funds	Governmental Funds
\$ 606,560	\$ 588,921	\$ 4,208,276
		-
		1,612,103
		810,427
		104,952
	64,964	322,276
		5,000
		1,494,473
		194,970
		4,009,758
		913,241
		-
		305,112
<u>\$ 606,560</u>	<u>\$ 653,885</u>	<u>\$ 13,980,588</u>
\$ -	\$ 4	\$ 709,709
		38,842
		248,457
		727,880
		191,261
		-
		259,952
		913,241
		4,646,476
<u>-</u>	<u>4</u>	<u>7,735,818</u>
		305,112
		693,868
		102,257
		167,976
		600,000
	14,364	14,364
		924,187
		25,000
606,560		606,560
	639,517	2,805,446
<u>606,560</u>	<u>653,881</u>	<u>6,244,770</u>
<u>\$ 606,560</u>	<u>\$ 653,885</u>	<u>\$ 13,980,588</u>

The notes to the financial statements are an integral part of this statement

**CITY OF WESLACO, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET**  
**TO STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2011**

Total fund balance-total governmental funds	\$	6,244,770
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Amounts reported for governmental activities in the statement of net assets are different because:

Deferred revenue in the General Fund and Debt Service Fund which are included in the Statement of Activities do not provide (or require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds.		1,516,228
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Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental fund balance sheet. Include capital assets of Internal Service Funds.		50,678,855
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Long-term note receivables are not available to pay for current period expenditures therefore are not reported as available resources but are off-set as deferred revenues.		2,135,021
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Interest payables on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in governmental funds balance sheet.		(173,735)
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Internal service funds are used by management to charge the cost of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the Internal Service Fund are:

(Net of amount allocated to business-type activities, capital assets and long-term liabilities). Internal Service Fund balances are not included in other reconciling items:

Current assets	\$	2,095	
Net of amount allocated to business-type activities			2,095

Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet. (Includes Internal Service Funds' non-current liabilities):

Due within one year	\$	2,188,334	
Due in more than one year		36,681,513	(38,869,847)

Net assets of governmental activities	\$	<u>21,533,387</u>
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The notes to the financial statements are an integral part of this statement



**CITY OF WESLACO, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2011**

	General	Debt Service	Economic Development
<b>Revenues</b>			
Taxes:			
Ad valorem	\$ 6,921,823	\$ 2,570,931	\$ -
Penalty and interest	251,554	103,276	
Sales	7,398,468		2,466,156
Occupancy			
Other	71,488		
Franchise fees	1,653,298		
Charges for services	2,565,294		
Program Income			150,054
Intergovernmental	577,538		
Licenses and permits	363,068		
Investment income	10,774	432	52,387
Fines and forfeitures	463,778		
Contributions	142		
Miscellaneous	282,987		18,617
Proceeds from sales	111,328		255,846
<b>Total Revenues</b>	<u>20,671,540</u>	<u>2,674,639</u>	<u>2,943,060</u>
<b>Expenditures</b>			
Current:			
General government and administration	4,255,134	55,214	
Public safety	11,664,128		
Public works	1,342,074		
Health	100,315		
Culture and recreation	959,685		113,840
Economic development			1,926,892
Nondepartmental	684,020		
Capital outlay	215,182		387,130
Debt service:			
Principal retirement	1,300,000	5,252,398	3,075,627
Interest and fiscal charges	16,861	1,111,016	292,315
<b>Total Expenditures</b>	<u>20,537,399</u>	<u>6,418,628</u>	<u>5,795,804</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>134,141</u>	<u>(3,743,989)</u>	<u>(2,852,744)</u>
<b>Other financing sources (uses):</b>			
Note proceeds	1,300,000		250,000
Bond proceeds		4,064,918	3,430,000
Bond management fees			(101,814)
Transfers in			
Transfers out	(200,000)		
380 Agreement expenditures and rebates	(912,644)		
<b>Total other financing sources (uses)</b>	<u>187,356</u>	<u>4,064,918</u>	<u>3,578,186</u>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	321,497	320,929	725,442
<b>Rescindment of Revolving Loan</b>	550,000		
<b>Fund balances at beginning of year,</b>	<u>(34,679)</u>	<u>603,258</u>	<u>2,497,882</u>
<b>Fund balances at end of year</b>	<u>\$ 836,818</u>	<u>\$ 924,187</u>	<u>\$ 3,223,324</u>

The notes to the financial statements are an integral part of this statement

Capital Projects	Non-Major Funds	Total Governmental Funds
\$ -	\$ -	\$ 9,492,754
		354,830
		9,864,624
	358,390	358,390
		71,488
		1,653,298
		2,565,294
		150,054
		577,538
		363,068
554		64,147
		463,778
		142
226		301,830
		367,174
<u>780</u>	<u>358,390</u>	<u>26,648,409</u>
		4,310,348
		11,664,128
		1,342,074
		100,315
		1,073,525
	244,133	2,171,025
		684,020
30,746		633,058
		9,628,025
<u>30,746</u>	<u>244,133</u>	<u>1,420,192</u>
<u>(29,966)</u>	<u>114,257</u>	<u>33,026,710</u>
		(6,378,301)
		1,550,000
-		7,494,918
		(101,814)
-		-
		(200,000)
<u>-</u>	<u>-</u>	<u>(912,644)</u>
<u>-</u>	<u>-</u>	<u>7,830,460</u>
(29,966)	114,257	1,452,159
		550,000
<u>636,526</u>	<u>539,624</u>	<u>4,242,611</u>
<u>\$ 606,560</u>	<u>\$ 653,881</u>	<u>\$ 6,244,770</u>

The notes to the financial statements are an integral part of this statement

**CITY OF WESLACO, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**SEPTEMBER 30, 2011**

Net change in fund balances-total governmental funds		\$ 1,452,159
Amounts reported for governmental activities in the statement of activities are different because:		
Rescindment of Revolving Loan Contingency		550,000
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		633,058
Long-term note advances (Repayment)		(78,234)
Governmental funds do not report the retirement of fixed assets. In the Government-Wide Statement of Revenues, Expenditures and Changes in Fund Balances this is the amount of fixed assets retired in the current period.		(266,835)
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds. (Includes Internal Service Funds' depreciation expense of \$-0-.		(2,110,000)
Long-term liability for accrued vacation and accrued sick leave is not recorded with the governmental activities.		148,940
The issuance of long-term debt (e.g., bonds) provides current financial resource to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is net effect of these differences in the treatment of long-term debt and related items.		
Proceeds	\$ 9,044,918	
Principal Retirement	10,442,130	1,397,212
Some property tax will not be collected for several months after the city's fiscal year end, they are not considered "available" revenues in the governmental funds.		(214,833)
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net assets, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds.		(32,251)
Internal Service funds are used by management to charge the costs of certain activities such as insurance and fleet management, to individual funds. The net revenue of the Internal Service Funds is reported with governmental activities net of amount allocated to business-type activities and depreciation.		
Change in net assets	\$ -	
Net of amount allocated to business-type activities	-	
Depreciation expense	-	-
Change in net assets of governmental activities		<u><u>\$ 1,479,216</u></u>

The notes to the financial statements are an integral part of this statement

**CITY OF WESLACO, TEXAS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
SEPTEMBER 30, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
<b>Revenues</b>				
Taxes:				
Ad-valorem	\$ 8,889,237	\$ 8,984,237	\$ 9,492,754	\$ 508,517
Penalty and interest	319,320	316,000	354,830	38,830
Sales	9,634,316	9,492,316	9,864,624	372,308
Hotel/Motel Tax	390,000	390,000	358,390	(31,610)
Other		47,000	71,488	24,488
Franchise fees	1,461,526	1,461,526	1,653,298	191,772
Charges for service	1,602,000	2,706,711	2,565,294	(141,417)
Program income	94,301	94,301	150,054	55,753
Intergovernmental	889,448	791,448	577,538	(213,910)
Licenses and permits	310,250	310,250	363,068	52,818
Investment income	26,510	43,830	64,147	20,317
Fines and forfeitures	631,700	631,700	463,778	(167,922)
Contributions			142	142
Miscellaneous	1,423,511	402,800	301,830	(100,970)
Proceeds from sales	332,534	96,313	367,174	270,861
<b>Total Revenues</b>	<u>26,004,653</u>	<u>25,768,432</u>	<u>26,648,409</u>	<u>879,977</u>
<b>Expenditures</b>				
Current:				
General government and administration	4,251,500	4,521,947	4,310,348	211,599
Public safety	11,365,107	11,653,981	11,664,128	(10,147)
Public works	1,390,777	1,415,987	1,342,074	73,913
Health	128,912	108,048	100,315	7,733
Cultural and recreation	1,392,174	1,408,703	1,073,525	335,178
Economic development	1,577,539	1,577,539	2,171,025	(593,486)
Nondepartmental services	1,174,691	677,606	684,020	(6,414)
Capital outlay	40,000	543,747	633,058	(89,311)
Debt service				
Principal retirement	2,921,042	3,321,042	9,628,025	(6,306,983)
Interest	1,140,266	1,163,808	1,420,192	(256,384)
<b>Total Expenditures</b>	<u>25,382,008</u>	<u>26,392,408</u>	<u>33,026,710</u>	<u>(6,634,302)</u>
<b>Deficiency of revenues over expenditures</b>	<u>622,645</u>	<u>(623,976)</u>	<u>(6,378,301)</u>	<u>(5,754,325)</u>
<b>Other financing sources (uses):</b>				
Note proceeds		1,300,000	1,550,000	250,000
Bond proceeds			7,494,918	7,494,918
Bond management fees			(101,814)	(101,814)
380 Agreement expenditures and rebates		(725,151)	(912,644)	(187,493)
Transfers in	332,534	332,534		(332,534)
Transfers out	(250,000)	(250,000)	(200,000)	50,000
<b>Total other financing sources (uses)</b>	<u>82,534</u>	<u>657,383</u>	<u>7,830,460</u>	<u>7,173,077</u>
<b>Excess (deficiency) of revenues and other sources over expenditures (uses)</b>	<u>\$ 705,179</u>	<u>\$ 33,407</u>	<u>1,452,159</u>	<u>\$ 1,418,752</u>
<b>Rescindment of Revolving Loan</b>			550,000	
<b>Fund balances at beginning of year,</b>			<u>4,242,611</u>	
<b>Fund balances at end of year</b>			<u>\$ 6,244,770</u>	

The notes to the financial statements are an integral part of this statement

**BUSINESS-TYPE  
ACTIVITIES**

**CITY OF WESLACO, TEXAS**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2011**

	Business-Type Activities-Enterprise Funds				Governmental Activities Internal Service Fund
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Totals	
<b>Assets</b>					
Current Assets					
Cash and cash investments	\$ 1,213,140	\$ 723,061	\$ -	\$ 1,936,201	\$ 2,095
Receivables (net where applicable of allowance for doubtful accounts)	1,508,005	563,691	14,280	2,085,976	
Accrued interest				-	
Due from other funds	119,603	212,175		331,778	
Due from other governments	221,481		149	221,630	
Due from others				-	
Inventories	93,824		53,273	147,097	
Prepaid expenses				-	
<b>Total current assets</b>	<u>3,156,053</u>	<u>1,498,927</u>	<u>67,702</u>	<u>4,722,682</u>	<u>2,095</u>
Restricted Assets					
Cash and cash investments	2,584,441		-	2,584,441	
Non-current assets					
Deferred charges					
Capital assets					
Land	665,175	421,247	1,465,448	2,551,870	
Buildings	362,323		648,540	1,010,863	
Equipment	4,907,211	1,890,958	528,945	7,327,114	2,406,778
Improvements	39,242,874	733,242	4,463,805	44,439,921	
Infrastructure					
Construction-in-progress	23,929,872		265,898	24,195,770	
Accumulated depreciation	(23,029,504)	(2,229,422)	(3,192,431)	(28,451,357)	(2,406,778)
<b>Total capital assets, net of accumulated depreciation</b>	<u>46,077,951</u>	<u>816,025</u>	<u>4,180,205</u>	<u>51,074,181</u>	<u>-</u>
<b>Total non-current assets</b>	<u>46,077,951</u>	<u>816,025</u>	<u>4,180,205</u>	<u>51,074,181</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 51,818,445</u>	<u>\$ 2,314,952</u>	<u>\$ 4,247,907</u>	<u>\$ 58,381,304</u>	<u>\$ 2,095</u>

The notes to the financial statements are an integral part of this statement

**CITY OF WESLACO, TEXAS**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2011**

	Business-Type Activities-Enterprise Funds				
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Totals	Governmental Activities Internal Service Fund
<b>Liabilities</b>					
Current Liabilities					
Accounts payable	\$ 341,425	\$ 380,999	\$ 7,250	\$ 729,674	\$ -
Accrued salaries				-	
Bank Overdraft			36,406	36,406	
Due to other funds	926,819	171,552		1,098,371	
Customer deposits	819,431		2,634	822,065	
Other liabilities	133,063			133,063	
Volunteer separation payable				-	-
Compensated absences	117,346		91,612	208,958	
Accrued interest				-	
<b>Total current liabilities</b>	<u>2,338,084</u>	<u>552,551</u>	<u>137,902</u>	<u>3,028,537</u>	<u>-</u>
Liabilities payable from restricted assets					
Accounts payable	513,692			513,692	
Rebatable Arbitrage					
Revenue bonds payable	940,492			940,492	
Accrued interest	176,932			176,932	
<b>Total liabilities payable from restricted assets</b>	<u>1,631,116</u>	<u>-</u>	<u>-</u>	<u>1,631,116</u>	
Noncurrent liabilities					
General obligation bonds payable	23,974,977	167,902		24,142,879	
Revenue bonds payable				-	
Landfill closure		786,238		786,238	
<b>Total noncurrent liabilities</b>	<u>23,974,977</u>	<u>954,140</u>	<u>-</u>	<u>24,929,117</u>	
<b>Total liabilities</b>	<u>\$ 27,944,177</u>	<u>\$ 1,506,691</u>	<u>\$ 137,902</u>	<u>\$ 29,588,770</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement

**CITY OF WESLACO, TEXAS**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2011**

	<u>Business-Type Activities-Enterprise Funds</u>				<u>Governmental Activities Internal Service Fund</u>
	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Airport Fund</u>	<u>Totals</u>	
<b>Net Assets</b>					
Invested capital assets, net of related debt	\$ 21,162,482	\$ (138,115)	\$ 4,180,205	\$ 25,204,572	\$ -
Restricted for:					
Revenue bond retirement	665,631			665,631	
Construction	388,490			388,490	
Unrestricted	<u>1,657,665</u>	<u>946,376</u>	<u>(70,200)</u>	<u>2,533,841</u>	<u>2,095</u>
<b>Total net assets</b>	<u>\$ 23,874,268</u>	<u>\$ 808,261</u>	<u>\$ 4,110,005</u>	<u>\$ 28,792,534</u>	<u>\$ 2,095</u>

Reconciliation to government-wide statement of net assets:

Adjustment to reflect the consolidation of Internal Service  
Funds' activities related to Enterprise Funds

-

Net assets of business-type activities

\$ 28,792,534

The notes to the financial statements are an integral part of this statement



**CITY OF WESLACO, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS-PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2011**

	Business Type Activities-Enterprise Funds				Governmental Activities Internal Service Fund
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Total	
<b>Operating Revenues:</b>					
Water Sales	\$ 4,728,977	\$ -	\$ -	\$ 4,728,977	\$ -
Charges for services	3,772,857	4,058,601		7,831,458	
Other			107,565	107,565	-
Miscellaneous	287,920	68,414	3,696	360,030	
<b>Total operating revenues</b>	<u>8,789,754</u>	<u>4,127,015</u>	<u>111,261</u>	<u>13,028,030</u>	<u>-</u>
<b>Operating Expenses:</b>					
Personal services	1,183,183	31,601	205,553	1,420,337	
Other services and charges	1,149,868	249,395	106,425	1,505,688	
Supplies	355,096	91	19,428	374,615	
Contractual services	3,406,838	3,692,192		7,099,030	
<b>Total operating expenses</b>	<u>6,094,985</u>	<u>3,973,279</u>	<u>331,406</u>	<u>10,399,670</u>	<u>-</u>
Depreciation	(1,378,793)	(96,700)	(201,283)	(1,676,776)	-
<b>Income (loss) from operations</b>	<u>1,315,976</u>	<u>57,036</u>	<u>(421,428)</u>	<u>951,584</u>	<u>-</u>
<b>Non-operating revenues (expenses)</b>					
Investment income	109			109	-
Unrealized gain on investments				-	
Administrative fees				-	
Sewer backup issues				-	
Capital Improvement fees	621,306			621,306	
Capital grants	107,090		46,927	154,017	
Interest expense	(1,274,234)	(10,597)		(1,284,831)	
Loss on sale of asset				-	
<b>Total non-operating revenues (expenses)</b>	<u>(545,729)</u>	<u>(10,597)</u>	<u>46,927</u>	<u>(509,399)</u>	<u>-</u>

The notes to the financial statements are an integral part of this statement

**CITY OF WESLACO, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS-PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2011**

	Business Type Activities-Enterprise Funds				Governmental Activities Internal Service Fund
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Total	
<b>Income (loss) before transfers</b>	770,247	46,439	(374,501)	442,185	-
Transfers in			200,000	200,000	
Transfers (out)				-	
Volunteer separation expense				-	
Change in net assets	770,247	46,439	(174,501)	642,185	-
<b>Net assets at beginning of year, as restated</b>	10,389,655	(2,962,321)	(2,297,306)	5,130,028	2,095
<b>Net assets at end of year</b>	<u>\$ 11,159,902</u>	<u>\$ (2,915,882)</u>	<u>\$ (2,471,807)</u>	<u>\$ 5,772,213</u>	<u>\$ 2,095</u>

Reconciliation to government-wide statement of net assets:

Adjustment to reflect the consolidation of Internal Service  
Funds' activities related to Enterprise Funds

-

Change in net assets of business-type activities

\$ 5,772,213

The notes to the financial statements are an integral part of this statement

**CITY OF WESLACO, TEXAS**  
**STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2011**

	Business Type Activities-Enterprise Funds				Governmental Activities Internal Service Fund
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Total	
<b>Cash flows from operating activities</b>					
Cash received from customers	\$ 8,537,164	\$ 4,121,041	\$ 345,527	\$ 13,003,732	\$ -
Cash received from others	49,227			49,227	
Cash received from operating grants				-	
Cash received from other funds for services	474,577			474,577	
Cash payments to suppliers for goods and services	(4,874,414)	(3,936,800)	(374,230)	(9,185,444)	
Cash payments to employees for services	(1,212,312)	(74,288)	(197,254)	(1,483,854)	
Cash payments to other funds		(474,577)		(474,577)	
Net cash provided (used) by operating activities	<u>2,974,242</u>	<u>(364,624)</u>	<u>(225,957)</u>	<u>2,383,661</u>	<u>-</u>
<b>Cash flows from noncapital financing activities</b>					
Capital grants				-	
Transfers from other funds			200,000	200,000	
Transfers to other funds				-	
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>					
Acquisition and construction of capital assets	(4,612,291)		(7,411)	(4,619,702)	
Casualty loss				-	
Retirement on accounts payable				-	
Proceeds from sale of capital assets					
Capital Improvement/Administrative Fees	621,306			621,306	
Bond proceeds	3,902,082			3,902,082	
Interest paid on bonds	(1,283,237)	(7,800)		(1,291,037)	
Retirement of bonds	(4,997,677)	(50,000)		(5,047,677)	
Landfill closure costs		(104,110)		(104,110)	
Sewer Backup Issues				-	
Contributed capital	8,162			8,162	
Net cash provided (used) by capital and related financing activities	<u>(6,361,655)</u>	<u>(161,910)</u>	<u>(7,411)</u>	<u>(6,530,976)</u>	<u>-</u>

The notes to the financial statements are an integral part of this statement

**CITY OF WESLACO, TEXAS**  
**STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2011**

	Business Type Activities-Enterprise Funds				Governmental Activities Internal Service Fund
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Total	
Cash flow from investing activities:					
Interest on cash and investments	109			109	-
Unrealized loss on investments					
Net cash provided (used) by investing activities	109			109	
Net increase (decrease) in cash and cash investments	(3,387,304)	(526,534)	(33,368)	(3,947,206)	-
Cash and cash investments, October 1	7,184,885	1,249,595	(3,038)	8,431,442	2,095
Cash and cash investments, September 30	<u>\$ 3,797,581</u>	<u>\$ 723,061</u>	<u>\$ (36,406)</u>	<u>\$ 4,484,236</u>	<u>\$ 2,095</u>

The notes to the financial statements are an integral part of this statement

**CITY OF WESLACO, TEXAS**  
**STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2011**

	Business Type Activities-Enterprise Funds				Governmental Activities Internal Service Fund
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Total	
Reconciliation of income (losses) from operations to net cash provided (used) by operating activities:					
Income (loss) from operations	\$ 1,315,976	\$ 57,036	\$ (421,428)	\$ 951,584	\$ -
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities					
Depreciation	1,378,793	96,700	201,283	1,676,776	
Provision for doubtful accounts					
Change in assets and liabilities:					
(Increase) Decrease in Assets:					
Accounts receivables	(252,590)	(5,974)	(3,591)	(262,155)	
Other receivables				-	
Due from other funds	474,577		101	474,678	
Inventories			(10,018)	(10,018)	
Increase (Decrease) in Liabilities:					
Due to other funds		(474,577)		(474,577)	
Accounts payable	56,675	4,878	(603)	60,950	
Deposits	49,227			49,227	
Liability for compensated absences	(29,129)	(28,171)	8,299	(49,001)	
Other liabilities	(19,287)	(14,516)		(33,803)	
<b>Net cash provided (used) by operating activities</b>	<u>\$ 2,974,242</u>	<u>\$ (364,624)</u>	<u>\$ (225,957)</u>	<u>\$ 2,383,661</u>	<u>\$ -</u>
Reconciliation of total cash and cash investments					
Current assets-cash and cash investments	\$ 1,213,140	\$ 723,061	\$ -	\$ 1,936,201	\$ 2,095
Restricted assets-cash and cash investments	2,584,441			2,584,441	
Current liabilities-Bank Overdraft			(36,406)	(36,406)	
<b>Total cash and cash investments</b>	<u>\$ 3,797,581</u>	<u>\$ 723,061</u>	<u>\$ (36,406)</u>	<u>\$ 4,484,236</u>	<u>\$ 2,095</u>

The notes to the financial statements are an integral part of this statement

**NOTES TO FINANCIAL STATEMENTS**

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. General Statement**

The City of Weslaco, Texas was incorporated September 18, 1919, under the provisions of Act 279, P.A. 1909, as amended (Home Rule City Act). The City operates under a Commission-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture and recreation, education, public improvements, planning and zoning, and general administrative services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments includes those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the City has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinion, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the City are described below.

**2. Financial Reporting Entity**

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- . the organization is legally separate (can sue and be sued in their own name)
- . the City holds the corporate powers of the organization
- . the City appoints a voting majority of the organization's board
- . the City is able to impose its will on the organization
- . the organization has the potential to impose a financial benefit/burden on the City
- . there is fiscal dependency by the organization on the City

The general-purpose financial statements present financial information on activities of the City for which the City Commissioners have oversight responsibility, including the Firemen's Relief and Retirement Fund of Weslaco, Texas (Firemen's Fund), and Weslaco Economic Development Corporation (EDC). The City is represented on the governing board of the Firemen's Fund and has the ability to significantly influence operations. The City appoints the EDC's board members and sets expenditures caps, which requires the City of Weslaco Commissioners' approval over Specified Dollar amounts. The Firemen's Fund is included as a pension trust fund, and the Weslaco Economic Development Corporation is included with the Special Revenue Funds.

The City's general-purpose financial statements do not reflect the operations of the Weslaco Chamber of Commerce (WCC), Weslaco Independent School District (WISD) or Texas Municipal Retirement System (TMRS). The Weslaco Chamber of Commerce and Weslaco Independent School District are not included because they have their own elected governing

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

boards and are independent of the City as to fiscal accountability and financial affairs. Responsibility for administration and operation of TMRS has been vested with its board of Trustees. The City has no oversight responsibility regarding TMRS. Also excluded from the reporting entity is the Housing Authority of Weslaco. The Housing Authority is governed by a board of five commissioners, administers 180 units of low-income housing and also operates 328 units of existing Section 8 Housing Voucher Choice Program.

Based on the following criteria, the City determined that the actual degree of oversight is remote, and the financial operations and status of the Housing Authority is not integral to that of the City, thus the relationship of the Housing Authority to the City is best described in a note to the financial statements as follows:

- a. Ability to Exercise Oversight Responsibility  
The City of Weslaco appoints members to the Authority and has a moral responsibility for debts. The City of Weslaco has little influence in the hiring of management and clerical staff, reviewing and approving budgets, adjustments and amendments, signing contracts, exercising control over facilities and property, and determining the outcome or disposition of matters affecting the service tenants of the Housing Authority received.
- b. Scope of Service  
The Housing authority provides housing for the residents of the City of Weslaco. The Housing Authority operates within the city limits.
- c. Special Financing Relationships  
The City of Weslaco and the Housing Authority are two separate legal entities and the financial operations and status of each is not integral.

The four industrial development corporation's referred to in Note O are not part of the City's reporting entity because the City exercises no oversight responsibility and has no accountability for fiscal matters. The significant factors for exclusion are: the appointed board members have no continuing relationships with the City; the board designates management; the City cannot significantly influence the corporations' operations; the Board has sole budgetary authority; the corporations' control surpluses and deficits; the City is not legally or morally obligated for the corporations' debt and the corporation's are responsible for fiscal management and fee determination. In this situation, the preceding factors are conclusive in contrast to the following factors indicating inclusion. The corporation's operate within the boundaries of the City and the City approves bonds for issuance.

3. Use of Estimates  
The preparation of financial statements in conformity with U.S. generally accepted principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.
4. Basis of Presentation  
The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the City. The effect of inter-fund activity, within the governmental and business-type activities columns, has



**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE A.****SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and (2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Fund Financial Statements:**

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

**General Fund –**

General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

**Special Revenue Fund –**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to finance specific activities.

**Debt Service Fund –**

Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

**Capital Projects Fund –**

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Proprietary Funds-**

Proprietary Funds are accounted for using the economic resources measurements focus on the accrual basis of accounting. The accounting objectives are determination of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets. The City has presented the following major proprietary funds:

**Water and Sewer Fund –**

Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

**Sanitation Fund –**

Sanitation Fund is used to account for operations of solid waste collection and disposal services. All costs are financed through charges to sanitation customers.

**Airport Fund –**

Airport Fund accounts for the provision of airport facilities to area residents. All activities necessary to provide such services are accounted for in this fund. The fund is financed primarily by the City of Weslaco operating grants, hangar rentals and tie-down fees.

Additionally, the City reports the Internal Service Fund which is used to account for the capital acquisitions and leasing services provided to departments of the City.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**5. Measurement Focus/Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurements focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

6. Budgetary Control

1. The City Charter establishes the fiscal year as the twelve-month period beginning October 1. The departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year after which the City Manager subsequently submits a budget of estimated expenditures and revenues to the City Commission by August 1. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
2. Upon receipt of the budget estimates, the Commission holds public hearing on the proposed budget. Information about the Budget Ordinance is then published in the official newspaper of the City.
3. Prior to October 1, the budgets for the General, Special Revenue, and Debt Service Funds are legally enacted through passage of an ordinance.
4. At least ten days prior to October 1, the budget is legally enacted through passage of an ordinance. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Commission, even though the City Charter does not impose any restrictions or limit expenditures to amounts appropriated.
5. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, and Debt Service Funds.

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Formal budgetary integration is not employed for Capital Project Funds because effective budgetary control is alternatively achieved through the life of the respective project and not on an annual basis.

6. Budgets for the General, Special Revenue and Debt Service Funds are adopted on a basis consistent with Generally Accepting Accounting Principles (GAAP).
7. Current year appropriations lapse at year-end.

Budgeted amounts are as originally adopted or as amended by the City Commission through September 30, 2011. Subsequent to year-end management and the City Commission amended the September 30, 2011 budget authorizing the reallocation of expenses and related budget transfers relative to the Interest and Sinking Fund, Water and Sewer Fund and General Fund. All budget appropriations lapse at year-end except for the Urban County Development Grants (CDBG). Although they are appropriated annually, unspent appropriations in the Urban County Development Grants (CDBG) are appropriated under the same objects of expenditures in subsequent grant periods.

7. Cash and Cash Investments

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the proprietary fund type considers cash and equivalents to include all highly liquid investments with maturity of three months or less when purchased.

The City maintains and controls three major cash investment pools. Cash of all funds, including restricted cash is pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund's pooled Cash and Cash investments are available upon demand and are considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities not included in the common pooled accounts that are purchased with a maturity of ninety days or less are also considered to be "cash equivalents". Negative balances incurred in pooled cash at year-end are treated as inter-fund receivables of the General Fund and inter-fund payables of the deficit fund.

**Investments**

In accordance with provisions of GASB Statement No.31, "Accounting and Financial Reporting for Certain Investments and External Investment Pools," investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in current transactions between willing parties.

**Interest Rate Risk**

The City's investment policy limits investment maturities to no more than two years from the date of purchase.

8. Prepaid Items

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

9. Inventories  
The inventories in the Governmental Funds and Proprietary Funds consist of supplies and are recorded at the lower of weighted average cost or market.
10. Inter-fund Receivables and Payables  
Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "Internal balances".
11. Transactions Between Funds  
Legally authorized transfers are treated as inter-fund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

The City allocates to the Proprietary Funds an indirect cost percentage of information technology services and salaries and wages and related costs of personnel who perform administrative services for those funds but are paid through the General Fund along with other indirect costs deemed necessary for their operations. During the year ended September 30, 2011, the City allocated \$1,196,770 as a transfer for such services.

12. Capital Assets  
Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized, not including infrastructure assets, have an original cost of \$1,000.00 or more and over one year of useful life. Infrastructure assets, capitalized have an original cost of \$5,000.00 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20-50 years
Water and Sewer System	30-50 years
Infrastructure	20-35 years
Machinery and Equipment	5 -10 years
Improvements	20 years

13. Compensated Absences  
The City's policy allows employees to accumulate unused sick leave on an unlimited basis and vacation leave up to 30 days except vacation leave accrued prior to December 1990, which shall be refunded in full.

Non-Civil Service employees who have completed ten years of employment are entitled to be paid up to 30 days of accumulated sick leave, 60 days for those employees with 11 to 20 years and 90 days for 21 years or more and any accumulated vacation upon termination.

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Civil Service employees hired are entitled to be paid any accumulated vacation, but must complete five years of employment with the City to be entitled to be paid up to 90 days of accumulated sick leave upon termination. Sick leave in excess of maximum limits is not paid upon termination, but will be paid only upon illness while in the employ of the City.

At September 30, 2011, the liability for accrued vacation leave and accrued sick leave is approximately \$ 2,121,564. The amount applicable to the Enterprise Funds of \$208,958 has been recorded in the Water, Sewer, Sanitation, and Airport Funds. The amount applicable to the General Fund long-term debt has been recorded in the General Fund as \$1,912,606 and \$191,261 as been recorded in the General Fund and Special Revenue Funds as the amount expected to be paid from current resources.

14. Nature and Purpose of Reservations and Designation of Fund Equity  
The fund equity reserves for revenue bonds retirement and construction. Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "revenue bond construction" account is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "revenue bond current debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond future debt service" account is used to report resources set aside to make potential future deficiencies in the revenue bond current debt service account. The fund equity designation for subsequent years' expenditures primarily represents capital outlays.
15. Net Assets  
Net assets represent the difference between assets and liabilities. Net assets in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
16. Implementation of New Accounting Principles  
The City elected to utilize the infrastructure transition option in the implementation of GASB Statement No. 34 (GASB 34), "Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments" and in fiscal year 2010 has not capitalized its major infrastructure networks; street, drainage and parks. It will be using in the absence of actual cost information, weighted average age calculation for estimating the historical cost of these infrastructure networks.
17. Reclassification  
Certain items in the prior year have been reclassified to conform to current year classifications. Such reclassifications had no effect on previously reported net income.

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

As a result of implementing the infrastructure transition provision of GASB 34, net assets at October 1, 2010 is reconciled as follows:

	Governmental Activities
Net Assets, October 1, 2010	
as previously reported	\$ 6,455,866
Internal Service Fund Balance	2,095
Deferred Revenue	1,731,061
General Fixed Assets, net	76,303,820
Estimated depreciation at October 1, 2010	(23,881,188)
Prior Period Reclassification	-
Accrued Interest	(141,484)
Long-term Debt	(40,415,999)
Net Assets, October 1, 2010	<u>\$ 20,054,171</u>

**NOTE B. BUDGET BASIS OF ACCOUNTING**

The City of Weslaco, Texas prepares its annual budget on a basis (budget basis), which differs from generally accepted accounting principles (GAAP basis). The budget and all transactions are presented in accordance with the City's method (budget basis) in the Statements of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual-General Fund to provide a meaningful comparison of actual results with the budget. The major differences between budget and GAAP basis in the General Fund are that total property taxes collected are recognized as revenues (budget) as opposed to recognizing the current year levy as revenues (GAAP).

Adjustments necessary to convert the General Fund's excess of revenues and other sources over expenditure and other uses on the budget basis to a GAAP basis are provided below:

Excess of revenues and other uses over	
expenditures and other sources-budget basis	\$ 321,497
Accrued interest	(135,884)
Net of fixed assets	215,182
Current year levy in excess of collection	(214,833)
Net of allowance for uncollectible	-
Excess of revenues and other sources	
over expenditures and other uses-	
GAAP basis	<u>\$ 185,962</u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE C.      DEPOSITS AND INVESTMENTS**

**Deposits and Credit Risks**

**Custodial Credit Risk**

Custodial credit risk refers to the risk that in the event of a bank failure, the City's deposits may not be returned to them.

It is the City's policy, as well as a requirement in its Depository agreement, for deposits plus accrued interest thereon to be 102% secured by collateral valued at fair value, less the amount of the Federal Deposit Insurance Corporation insurance. The City's deposits, including certificates of deposit, were fully insured or collateralized as required by the state statutes at September 30, 2011. At year-end, the respective bank balance totaled \$2,582,475.01. Of the total bank balance, \$500,000 was covered by Federal Deposit Insurance Corporation (FDIC). The remainder was covered by collateral with a value of \$2,582,475.01. The collateral was held at third party banks (safekeeping banks) in the City's name under a joint safekeeping agreement between various banks and the City as detailed below.

<u>Bank</u>	<u>Bank</u>	<u>Amount</u>
The Independent Banker's Bank San Antonio, Texas	First National Bank Weslaco, Texas	\$      658,222
	BBVA Compass Bank	<u>1,924,253</u>
	Total	<u>\$    2,582,475</u>

**Investments –**

State statutes, city bond ordinances, city resolutions, and an investment policy adopted by the City Commission authorize the City's investments. The City is authorized to invest in obligations of the United States of America, its agencies and instrumentalities, direct obligations of the State of Texas and agencies thereof, obligations of the states (agencies thereof, counties, cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating equivalent), certificates of deposit of state and national banks domiciled in Texas, fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or its agencies and instrumentalities pledged with a third party, joint pools of political subdivisions in the State of Texas which invest in instruments and follow practices allowed by law, and commercial paper with a 270 day limit and an A1P1 rating by two rating agencies.

All securities held at September 30, 2011, were insured or registered, or were held by the City or its agent in the City's name (Category 1).

**Fair Values of Financial Instruments –**

The following methods of assumptions were used by the City in estimating its fair value disclosures for financial instruments:

- Cash, cash equivalents, short-term investments, and promises to give are due in less than one year. The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.



**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE C. DEPOSITS AND INVESTMENTS (CONTINUED)**

The City's investments carried at fair value at September 30, 2011, are:

	<u>Fair Value</u>
Investments:	
Texpool	\$ 4,337,710
Texpool- Friends of the Library	481,623
Government Agencies	-
Total Investments	<u>\$ 4,819,333</u>

The City's portfolios are actively monitored and managed, and while the City's liquidity is managed such that these securities can be held to maturity, changes in market conditions may make it advantageous to sell them in advance of maturities.

**Firemen's Relief and Retirement Fund Investments**

The Firemen's Relief and Retirement Fund Investments are recorded at fair value as of September 30, 2011. All investments held by the Firemen's Relief and Retirement Fund at September 30, 2011 were uninsured and unregistered securities which are held by the counterparty, its trust department, or agent, but not in the Funds name (Category 3).

	<u>Fair Value</u>
Investments:	
Texpool	\$ 200,193
Jessup & Lamont (Stocks & Bonds)	5,596,198
Total Investments	<u>\$ 5,796,391</u>

**NOTE D. DUE FROM OTHER GOVERNMENTS**

Due from other governments for the General Fund consists of the following:

County of Hidalgo	Rural Fire	\$ 18,475
Urban County Program	CDBG	21,366
Department of Justice	DEA	4,931
	Marshal's Service	2,624
	Bulletproof Vest Grant	1,348
	E. Byrne Grant (Non-Recovery)	17,135
Department of Homeland Security	SHSP Grant	26,287
	Safer Grant	21,758
Texas Alcohol and Beverage Commission		13,392
Weslaco ISD	Elections	66,535
Texas Department of Public Safety	Border Star	
State of Texas	Bingo Tax	1,119
Total Due from Other Governments		<u>\$ 194,970</u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE E.        NOTES RECEIVABLES**

Economic Development Corporation Grant Fund

As an inducement for businesses to expand their operations to the City's Industrial Park, the Economic Development Corporation (EDC), accepted notes from various businesses. These notes are for cash loans, and sale of industrial park lots. The loans carry various credit incentives up to the amounts of the loans and sometimes beyond the initial loans. The credits vary by individual entities. The credits involve construction of buildings, leasing of existing properties at the industrial park, employing local residents and the purchase of good and services from merchants in the local area. All notes receivable carry incentives to the extent of the note receivable balance.

The following is a summary of notes receivable payable to the Corporation at September 30, 2011:

	2010	Additions	(Deletions)	2011	
Anabell Cardona	\$ 249,221		\$ 249,221	\$ -	*
Sigma Foods	60,000		60,000	-	*
TNT Investments	60,000		60,000	-	*
Weslaco Bicultural Museum	6,000		6,000	-	
Weslaco Hills Apartments	72,500	214,900		287,400	*
Mandujano Western Boot	33,300			33,300	*
Sugar Sweet Realty, LLC	605,205			605,205	(1)
AC/DC Signs	18,449	85,000	29,142	74,307	
Savory Perks	10,000	10,000	1,407	18,593	*
RGV Word	225,000	50,000	38,750	236,250	*
Joe Olivarez	75,000			75,000	
Weslaco Professional Plaza	300,000			300,000	*
Maverick Ind. Services	125,000			125,000	
Jose's Cafecito		10,000	1,092	8,908	*
Dos Logistics		95,000		95,000	*
Sevilla Café		8,000	916	7,084	*
Ship & More		10,000	1,309	8,691	*
Total	<u>\$ 1,839,675</u>	<u>\$ 482,900</u>	<u>\$ 447,837</u>	<u>\$ 1,874,738</u>	

(1) The note receivable from Sugar Sweet Realty, LLC was advanced on January 29, 2008 to help the entity discharge corporate debt. The terms of the note called for monthly payments of \$10,153.75, including interest at eight percent (8%). As of September 30, 2008, the note was in default. Subsequent to September 30, the EDC filed suit to enforce collection of the note. The note is collateralized individually by members of Sugar Sweet Realty, LLC. Sugar Sweet Realty, LLC filed for bankruptcy protection on November 30, 2009. On September 2, 2010, the Corporation filed for a default judgment on the members of Sugar Sweet Realty, LLC. The default provision of the note called for an eighteen percent (18%) interest rate; using this rate the note balance plus late fees and accrued interest is \$683,461. The general ledger and the audit reflect \$605,204.85 using an eight percent (8%) interest rate. This is due to the uncertainty in the collection process of enforcing the eighteen (18%) interest rate in the State of New York.

Long-Term Note Receivable  
(SDI Weslaco Holdings, LLC)

\$ 2,135,021\*

Note receivable from SDI Weslaco Holdings, LLC (SDI) of \$914,408 at September 30, 2009, subsequently increased to \$2,213,255 at 8% interest rate after September 30, 2010. This note is secured by a Chapter 380 Economic Development Agreement between the City of Weslaco, Texas and SDI. SDI has assigned the annual payments due from the City to the Economic Development Corporation (EDC) of Weslaco, Texas until the note is paid in full. The note is payable in annual payments, until March 1, 2030. The 380 Agreement was to facilitate the construction of infrastructure improvements for a commercial development.

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE E.      NOTES RECEIVABLES (CONTINUED)**

The EDC spurred the development by advancing \$2,213,255 of the \$3,300,000 project. In the current year, the City of Weslaco paid \$78,234 under the 380 Agreement.

The economic incentive portion of the note receivable balances have been recognized as expenditures in current year operations, as well as the long-term note receivable advance. As the entities earn their incentives, the note balances will be reduced accordingly with an equal offset to deferred revenues. This is to control compliance with the agreements. The long-term note receivable principal payments will be recognized as revenues, with an equal off-set to deferred revenues. The rest of the note balances are to be collected in cash.

\* Note balances with deferred component \$ 3,130,248

**NOTE F.      CAPITAL ASSETS**

	Balance October 1	Additions/ Completions	Retirements/ Adjustments	Balance September 30
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 4,490,570	\$ -	\$ 266,835	\$ 4,223,735
Construction-in-Progress	-			-
Total assets, not being depreciated	<u>4,490,570</u>	<u>-</u>	<u>266,835</u>	<u>4,223,735</u>
Capital assets being depreciated				
Buildings	18,441,623	387,130	-	18,828,753
Equipment	8,784,392	215,182		8,999,574
Improvements	36,957,928	30,746		36,988,674
380 Agreements Infrastructure	7,629,307			7,629,307
Total capital assets being depreciated	<u>71,813,250</u>	<u>633,058</u>	<u>-</u>	<u>72,446,308</u>
Less accumulated depreciation for:				
Buildings	4,896,889	428,165	-	5,325,054
Equipment	4,188,131	383,561		4,571,692
Improvements	14,796,168	1,298,274		16,094,442
Total accumulated depreciation	<u>23,881,188</u>	<u>2,110,000</u>	<u>-</u>	<u>25,991,188</u>
Total capital assets being depreciated, net	<u>47,932,062</u>	<u>(1,476,942)</u>	<u>-</u>	<u>46,455,120</u>
Governmental activities, capital assets, net	<u><u>\$52,422,632</u></u>	<u><u>\$ (1,476,942)</u></u>	<u><u>\$ 266,835</u></u>	<u><u>\$50,678,855</u></u>

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental activities:	
General government and administration	\$ 163,304
Public Safety	296,886
Public Works	1,327,833
Health	4,111
Development services	71,472
Cultural and recreational	246,394
Total depreciation expense-	
Government activities	<u><u>\$ 2,110,000</u></u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE F. CAPITAL ASSETS (CONTINUED)**

	Balance October 1	Additions/ Completions	Retirements/ Adjustments	Balance September 30
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 2,551,870	\$ -	\$ -	\$ 2,551,870
Construction-in-progress	20,367,587	3,828,183		24,195,770
Total capital assets not being depreciated	22,919,457	3,828,183	-	26,747,640
Capital assets being depreciated				
Building	1,010,863		-	1,010,863
Equipment	7,152,630	174,484		7,327,114
Improvements	44,439,921			44,439,921
Total capital assets being depreciated	52,603,414	174,484	-	52,777,898
Less accumulated depreciation for:				
Building	494,971	33,662	-	528,633
Equipment	5,837,167	257,286		6,094,453
Improvements	20,442,443	1,385,828		21,828,271
Total accumulated depreciation	26,774,581	1,676,776	-	28,451,357
Total capital assets being depreciated, net	25,828,883	(1,502,292)	-	24,326,541
Business-type activities capital assets, net	\$48,748,340	\$ 2,325,891	\$ -	\$ 51,074,181

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Business-type activities:	
Water and Sewer	\$ 1,378,793
Sanitation	96,700
Airport	201,283
Total depreciation expense-	
Business-type activities	\$ 1,676,776

The City has active construction projects as of September 30, 2011. Total accumulated commitments for ongoing capital projects are as follows:

	Governmental Funds	Enterprise Funds
Streets and Drainage Projects	\$ 1,464,608	\$ -
General Facilities	197,384	
New Sewer Plant		12,358,232
	\$ 1,661,992	\$ 12,358,232

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE G. LONG-TERM DEBT**

The following is a summary of bonded and other debt transactions of the City for the year beginning October 1, 2010 and ending September 30, 2011:

Proprietary Fund Long-Term Debt as of September 30, 2011 were as follows:

	<u>2011</u>	<u>2010</u>
<u>Water and Sewer Fund</u>		
\$5 930 000 Waterworks and Sewer System Revenue Bonds, Series 1988, due in annual installments varying from \$100 000 to \$450 000 through December 1, 2017. Interest varies from 3.05% to 4.50%.	\$ -	\$ 3,135,000
Tax and Waterworks and Sewer System (Limited-Pledge) Revenue Certificate of Obligations, Series 1999, due in annual installments varying from \$84 000 to \$141 000 through 2019. Interest varies from 4.40% to 4.50%. Bond proceeds will be used for Water and Sewer System Infrastructure improvements.	-	1,034,604
\$2 829 600 General Obligation Refunding Bonds, Series 2002, dated September 1, 2002, due in annual installment varying from \$117 000 to \$369 000 through February 15, 2014, bearing interest rates of 3.00% to 3.875%.	349,200	718,200
\$21 710 000 2007 Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2007 dated August 15, 2008, due in annual installments varying from \$40 000 to \$2 270 000 through February 15, 2027, bearing interest rates of 4.00% to 5.00%.	21,120,000	21,470,000
\$1,075,082 General Obligation Refinancing Series 2010 (Target Savings) due in annual installments varying from \$97,092 to \$138,852 through February 19, 2019, bearing interest at 3.1%.	951,084	
\$2 845 000 Waterworks & Sewer Systems Revenue Refunding Bond Series 2010, due in annual installments varying from \$375,000 to \$440,000 through December 2018, bearing interest at 3.19%.	2,845,000	
<u>Sanitation Fund</u>		
\$360 000 2007 Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2007 August 15, 2008, due in annual installments varying from \$45 000 to \$60 000 through February 15, 2014, bearing interest rates of 4.00%.	170,000	220,000
Total Proprietary Fund Long-Term Debt	<u>\$ 25,435,284</u>	<u>\$ 26,577,804</u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE G. LONG-TERM DEBT (CONTINUED)**

	<u>2011</u>	<u>2010</u>
<u>Governmental Long-Term Debt</u>		
Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificate of Obligations, Series 1999, due in annual installments varying from \$245 000 to \$522 000 through 2019. Interest varies from 4.40% to 4.50%. Bonds proceeds will be used for infrastructure improvements.	\$ -	\$ 3,920,396
\$5 030 400 General Obligation Refunding Bonds, Series varying from \$208 000 to \$656 000 through February 14, 2014. Interest varies from 3.00% to 3.875%.	620,800	1,276,800
\$14 080 000 2003 Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, dated August 15, 2003, due in annual installments varying from \$10 000 to \$1 460 000 through February 15, 2023, bearing interest rates of 2.00% to 5.00%.	13,665,000	13,790,000
\$6 105 000 2007 Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2007 dated August 15, 2008, due in annual installments varying from \$5 000 to \$530 000 through February 15, 2027, bearing interest rates of 4.00% to 5.00%.	5,955,000	6,045,000
\$4,064,918 General Obligation Refinancing Bond Series 2010 (Target Savings), due in annual installments of \$367,908 to \$526,148, through February 2019, bearing interest rate of 3.1%.	<u>3,603,916</u>	
Total Governmental Long-Term Debt	<u>\$ 23,844,716</u>	<u>\$ 25,032,196</u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE G. LONG-TERM DEBT (CONTINUED)**

	<u>2011</u>	<u>2010</u>
<u>Economic Development Revenue Bonds</u>		
\$2 000 000 Economic Development Sales Tax Revenue Bond, Series 2003, due in annual installments not exceeding \$145 000 beginning February 15, 2004 through August 15, 2023, interest varies between 1.500% and 4.75%.	\$ -	\$ 1,480,000
\$4 060 000 Economic Development Sales Tax Revenue Bond, Series 2003A, due in annual installments not exceeding \$330 000 beginning February 15, 2004 through February 15, 2003, interest varies between 2.00% and 6.00%.	2,945,000	3,115,000
\$1 090 000 Economic Development Sales Tax Revenue Bond, Series 2011A, due in annual installments varying from \$260 000 to \$280 000 beginning February 15, 2014 through February 15, 2019, interest at 4.47%.	1,090,000	
\$1 290 000 Economic Development Sales Tax Revenue Bond Series 2011B, due in annual installments of \$150 000 to \$335 000 beginning February 2017 through 2021, bearing interest at 3.84%.	<u>1,290,000</u>	
Total Revenue Bonds	<u>\$ 5,325,000</u>	<u>\$ 4,595,000</u>
A note dated May 6, 2009 and payable to Compass Bank for \$1,300,000. The terms of the note include principal and interest payments ranging from \$12,000 to \$18,000 beginning June 6, 2009 and continuing regularly thereafter until May 6, 2016, when the entire balance, including principal and interest will be due and payable. The interest rate is fixed 6.25%. The note is secured by 2.900 acres owned by the Corporation. The note was used to meet its obligations under its existing SDI Weslaco Holdings, LLC Construction Loan Agreement and Amended Development Agreement.		
	947,323	1,097,950
A line-of-credit dated August 13, 2011 payable to Compass Bank for \$450 000. The terms of the note include one payment of all outstanding principal plus all accrued unpaid interest due as of each payment date, beginning September 13, 2011. The interest rate is fixed at 2.45%.		
	<u>25,000</u>	
Total Notes Payable	<u>972,323</u>	<u>1,097,950</u>
Total Economic Development Revenue Bonds and Notes Payable	<u><u>\$ 6,297,323</u></u>	<u><u>\$ 5,692,950</u></u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE G. LONG-TERM DEBT (CONTINUED)**

Transactions for the year ended September 30, 2011 are summarized as follows:

	Balance October 1	Issues or Additions	Payments or Expenditures	Balance September 30	Due Within One Year
<u>Governmental Type Activities</u>					
General Obligation Bonds	\$ 1,276,800	\$ 4,064,918	\$ 1,117,002	\$ 4,224,716	\$ 569,508
Certificates of Obligation	19,835,000	-	215,000	19,620,000	1,080,000
Water District Debt Assumed	-	-	-	-	-
Tax and Waterworks and Sewer System (Limited Pledge)	3,920,396	-	3,920,396	-	-
380 Agreement Infrastructure	7,629,307	-	814,105	6,815,202	-
Compensated Absences	2,061,546	-	148,940	1,912,606	191,261
	<u>34,723,049</u>	<u>4,064,918</u>	<u>6,215,443</u>	<u>32,572,524</u>	<u>1,840,769</u>
<u>Economic Development Sales Tax</u>					
Revenue Bonds	4,595,000	3,430,000	2,700,000	5,325,000	180,000
Notes Payable	1,097,950	50,000	175,627	972,323	167,565
Sub-total Governmental Activities	<u>5,692,950</u>	<u>3,480,000</u>	<u>2,875,627</u>	<u>6,297,323</u>	<u>347,565</u>
Total Governmental Activities	<u>\$ 40,415,999</u>	<u>\$ 7,544,918</u>	<u>\$ 9,091,070</u>	<u>\$ 38,869,847</u>	<u>\$ 2,188,334</u>
<u>Business-Type Activities</u>					
General Obligation Bonds	\$ 718,200	\$ 1,075,082	\$ 492,998	\$ 1,300,284	\$ 210,492
Revenue Bonds Payable	3,135,000	2,845,000	3,135,000	2,845,000	475,000
Certificate of Obligation	22,724,604	-	1,434,604	21,290,000	410,000
Notes Payable	320,041	-	111,083	208,958	208,958
Landfil Closure	890,348	-	104,110	786,238	139,068
Total Business-Type Activities	<u>27,788,193</u>	<u>3,920,082</u>	<u>5,277,795</u>	<u>26,430,480</u>	<u>1,443,518</u>
Total Government	<u>\$ 68,204,192</u>	<u>\$ 11,465,000</u>	<u>\$ 14,368,865</u>	<u>\$ 65,300,327</u>	<u>\$ 3,631,852</u>

**General Obligation Bonds and Certificates of Obligation -**

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General Obligation Bonds and Certificates of Obligation require the City to compute, at the time that taxes are levied, the rate of tax required to provide (in each year that bonds are outstanding) the funds to pay for interest and principal at maturity. The City is in compliance with this requirement.

**Revenue Bonds -**

Water and Sewer Revenue Bonds constitute special obligations of the City solely secured by a lien on and pledge of the net revenues of the Water and Sewer system.

The Revenue Bonds are collateralized by the revenue of the water and sewer system and the various special funds established by the bond ordinances.



**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE G. LONG-TERM DEBT (CONTINUED)**

The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the Revenue Bond funds. Remaining revenue may then be used for any lawful purpose. The ordinances also contain provisions which, among other items, restrict the issuance of additional Revenue Bonds unless the special fund noted above contain the required amounts and certain financial ratios are met. The City is in compliance with all significant financial requirements as of September 30, 2011.

Sales Tax Revenue Bonds are direct obligations issued on a pledge of the City's sales tax revenues allocated to the Economic Development Corporation, in accordance with state statutes.

On December 6, 2010, the City issued General Obligation Refunding Series Bond Series 2010 (Target Savings) for \$5,140,000. The bonds were issued to refund the Tax & Waterworks and Sewer Systems (Limited Pledge) Revenue Certificate of Obligations, originally issued on February 11, 1999 for \$6,550,048 in Governmental Funds and refund the 1998 Waterworks and Sewer Systems Reserve Bonds, originally issued on 9/23/1998 for \$5,930,000. \$4,064,918 was allocated to the tax support 1997 issue and \$1,075,082 to the Water and Sewer Revenue supported 1998 issue. The Refunding Bond issue carries a 3.1% interest rate versus a 4.5% interest of the Refunding issue. In the governmental funds the Refunding Bond issue will reduce the debt services payments by \$186,246 and \$29,635 in the Water and Sewer funds over the seven year amortization period of the bonds.

Also on December 6, 2010, they issued the Waterworks and Sewer System Revenue Refunding Bond Series 2010 for \$2,845,000 to complete the refinancing of the 1998 Reserve Bond issue. This issuance carries an interest rate of 3.19%. The Water and Sewer Fund debt service requirements over seven year amortization period will be reduced by \$119,935.

**Defeased Bonds Outstanding –**

In prior years, the City issued refunding bonds to defease certain outstanding bonds for the purpose of consolidation and to achieve debt service savings. The City has placed the proceeds from the refunding issues in irrevocable escrow accounts with a trust agent to ensure payment of debt service on the refunded bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements.

**Revenue Bonds Refunding –**

On March 20, 2002, the City of Weslaco Economic Development Corporation issued Sales Tax Revenue Bond Series 2003-3003A for \$2,000,000 and \$4,060,000. The 2003 \$2,000,000 bond issue was used to finance the costs of public facilities to include municipally owned building and tourist information/exhibition facilities. The 2003 A \$4,060,000 bonds issues financed the construction of a building for use in manufacturing finished wood products, which is leased to a private enterprise. This is in conformity with the Constitution of Texas, including Section 4a of Article 5190.6, Vernon Texas Civil Statutes. This issue date was March 29, 2003.

On December 2, 2010, the City of Weslaco Economic Development Corporation issued Sales Tax Revenue Refunding Bond Series 2010 for \$1,050,000. The 2010 \$1,050,000 bond issues was used to refund the 2003 \$2,000,000 Bond Series.

On June 2, 2011, the City of Weslaco Economic Development Corporation issued Sales Tax Revenue Refunding Bond Series 2011A for \$1,090,000 and Sales Tax Revenue Bond, Tax Exempt Series 2011B for \$1,290,000. The 2011A \$1,090,000 bond issue was used to refund the 2010 \$1,050,000 bond series. The 2011B \$1,290,000 bond issue was for the renovation of the new Business Visitor and Event Center.

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE G. LONG-TERM DEBT (CONTINUED)**

Bond Authorized and Unissued -

At September 30, 2011, the City had no General Obligations Bonds and Revenue Bonds which were authorized and unissued.

The following table summarizes the restricted cash and cash investments:

Reserve for Bond Debt Service	\$ 25,906
Reserve for Revenue Bond Retirement	469,687
Total Reserve for Revenue Bond Retirement	<u>495,593</u>
Revenue Bond Construction	388,490
Capital Improvement Fee	<u>1,700,358</u>
Total Restricted Cash and Cash Investments as of September 30, 2011	<u>\$ 2,584,441</u>

The annual aggregate maturities for each bond type for the year subsequent to September 30, 2010, are as follows:

**General Obligation Bonds**

Year Ending September 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>		Total
	Principal	Interest	Principal	Interest	
2011	\$ 656,000	\$ 34,768	\$ 369,000	\$ 19,557	\$ 1,079,325
2012	201,600	19,634	113,400	11,044	345,678
2013	211,200	12,020	118,800	6,761	348,781
2014	208,000	4,030	117,000	2,267	331,297
Total	<u>\$ 1,276,800</u>	<u>\$ 70,452</u>	<u>\$ 718,200</u>	<u>\$ 39,629</u>	<u>\$ 2,105,081</u>

**Certificate of Obligations**

Year Ending September 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>		Total
	Principal	Interest	Principal	Interest	
2011	\$ 574,996	\$1,091,448	\$ 495,004	\$ 1,080,968	\$ 3,242,416
2012	1,455,820	1,049,606	509,180	1,060,520	4,075,126
2013	1,590,600	986,363	529,400	1,039,289	4,145,652
2014	1,651,424	917,634	573,576	1,016,670	4,159,304
2015	1,726,204	844,404	873,796	986,610	4,431,014
2016-2020	9,386,352	2,947,699	6,003,648	4,238,224	22,575,923
2021-2025	6,335,000	859,790	9,310,000	2,314,973	18,819,763
2026-2027	1,035,000	52,375	4,430,000	224,250	5,741,625
Total	<u>\$23,755,396</u>	<u>\$8,749,319</u>	<u>\$22,724,604</u>	<u>\$11,961,504</u>	<u>\$67,190,823</u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE G. LONG-TERM DEBT (CONTINUED)**

Year Ending September 30	<b>Revenue Bonds</b>		
	<u>Business-type Activities</u>		
	Principal	Interest	Total
2011	\$ 600,000	\$ 362,065	\$ 962,065
2012	625,000	335,720	960,720
2013	650,000	307,295	957,295
2014	680,000	276,859	956,859
2015	715,000	244,671	959,671
2016-2020	3,110,000	711,410	3,821,410
2021-2023	1,350,000	116,501	1,466,501
Total	<u>\$7,730,000</u>	<u>\$ 2,354,521</u>	<u>\$10,084,521</u>

**NOTE H. SEGMENT INFORMATION FOR ENTERPRISE FUND**

Generally accepted accounting principles require disclosure, as part of the Combined Statements-Overview, of certain information concerning individual funds including segment information for the Enterprise Funds.

The City maintains four Enterprise Funds which provide, water, sewer, sanitation, and airport services to the City of Weslaco. Selected segment information for the year ended September 30, 2011 is as follows:

	Water and Sewer Fund	Sanitation Fund	Airport Fund	Total Enterprise Fund
Operating Revenues	\$ 8,789,754	\$ 4,127,015	\$ 111,261	\$ 13,028,030
Operating Expenses	6,094,985	3,973,279	331,406	10,399,670
Depreciation	1,378,793	96,700	201,283	1,676,776
Operating Income	1,315,976	57,036	(421,428)	951,584
Net Non-Operating Revenues and Expenses	(652,819)	(10,597)		(663,416)
Contributions	107,090		46,927	154,017
Transfers			200,000	200,000
Changes in Net Assets	770,247	46,439	(174,501)	642,185
Beginning Net Assets	23,104,021	761,822	4,284,506	28,150,349
Ending Net Assets	<u>\$ 23,874,268</u>	<u>\$ 808,261</u>	<u>\$ 4,110,005</u>	<u>\$ 28,792,534</u>
<b>Condensed Cash Flow</b>				
Net Cash Provided (Used) by:				
Operating Activities	\$ 2,974,242	\$ (364,624)	\$ (225,957)	\$ 2,383,661
Non-Capital Financing Activities			200,000	200,000
Capital and Related Financing Activities	(6,361,655)	(161,910)	(7,411)	(6,530,976)
Investing Activities	109			109
Beginning Cash	7,184,885	1,249,595	(3,038)	8,431,442
Ending Cash	<u>\$ 3,797,581</u>	<u>\$ 723,061</u>	<u>\$ (36,406)</u>	<u>\$ 4,484,236</u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE I. CONTRIBUTED CAPITAL-PROPRIETARY FUND TYPES**

	<u>10/1/2010</u>	Additions (Deletions)	<u>9/30/2011</u>
<u>Water and Sewer Fund</u>			
Contributed Capital Donation	\$ 11,000	\$ -	\$ 11,000
Contributions from City	2,926,974		2,926,974
Contributions In Aid of Construction	707,629		707,629
Contributions-State Grants	3,954,105		3,954,105
Contributions-Federal Grants	5,114,658		5,114,658
	<u>12,714,366</u>	<u>-</u>	<u>12,714,366</u>
<u>Sanitation Fund</u>			
Contributions from City	3,715,956		3,715,956
Contributions-Federal Grants	8,187		8,187
	<u>3,724,143</u>	<u>-</u>	<u>3,724,143</u>
<u>Airport Fund</u>			
Contributions from City	1,398,150		1,398,150
Contributions-State Grants	1,617,395		1,617,395
Contributions from Revenue Sharing Fund	175,130		175,130
Contributions-Federal Grants	3,391,137		3,391,137
	<u>6,581,812</u>	<u>-</u>	<u>6,581,812</u>
<u>Internal Service Fund</u>			
Equipment Replacement Fund			-
Total Contributed Capital	<u>\$23,020,321</u>	<u>\$ -</u>	<u>\$23,020,321</u>

**NOTE J. PROPERTY TAX**

The State of Texas Constitution limits the City's ad valorem tax rate for all purposes to \$2.50 per one hundred dollars of assessed valuation. Ad valorem tax revenue during the year ended September 30, 2011 was levied using a rate of \$.6967 per one hundred dollars of assessed valuation based on 100 percent of estimated market value.

Legislation has been passed by the Texas Legislature which affects the methods of property appraisal in the City. This legislation, with certain exceptions, exempts intangible personal property, household goods, and family-owned automobiles (unless specifically authorized by resolution of the governing body) from taxation. In addition, this legislation creates a "Property Tax Code" and provides, among other things, for the establishment of county appraisal districts and for a state property board.

The appraisal of property within the city is the responsibility of the Hidalgo County Tax Appraisal District.

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE J.      PROPERTY TAX (CONTINUED)**

The Appraisal District is required under the Property Tax Code to appraise all property within the county on the basis of 100 percent of its market value. The value of real property within the Appraisal District must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The city may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on city property. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate of the previous year by more than 8 percent, qualified voters of the city may petition for an election to determine whether to limit the tax rate to no more than 8 percent above the effective tax rate.

The city bills and collects its own property taxes through a contractual agreement with the County of Hidalgo. Collections of the city taxes and remittance of them are accounted for in the County of Hidalgo Tax Collection Agency Fund. City property tax revenues are recognized when levied to the extent that they result in current receivables. January 1 is the assessment date. March 31 is the end of the rendition period for the Appraisal District.

By September 30, the City adopts the tax rate. On October 1 taxes are levied and payable by January 31. Property taxes attach as an enforceable lien on property as of January 1. Uncollected taxes are placed in the hands of the attorney for legal action on February 1, following year of assessment.

Property tax is levied each October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the City. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the City Council. Appraised values are established by the Appraisal Board of Review at 100% for estimated fair market value.

Taxes are due on October 1, the levy date, and are delinquent after the following January 31. Tax liens are automatic on January 1 each year. The tax lien is part of a lawsuit for property that can be filed any time after taxes become delinquent (February 1). The City usually waits until after July 1 to file suits on real estate property. As of July 1, 15% collection costs may be added to all delinquent accounts. Current tax collections for the year ended September 30, 2011, were 93.49% of the tax levy.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

The City charter of the City of Weslaco, Texas, does not provide for a debt limit, therefore, no computation can be made. However, at September 30, 2011, the City had a tax margin of \$1.8033 for every \$100 valuation based upon a maximum ad valorem tax of \$2.50 for every \$100 valuation imposed by Texas Constitutional law.

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE K. PENSION PLAN**

Employee Pension Plans (Other Than Firemen)  
Plan Description

The City provides pension benefits for all of its full-time employees, except the fire department employees, through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of over 837 administered by TMRS, an agent multiple-employer public employee retirement system. It is the opinion of the TMRS management that the plans in TMRS are substantially defined contribution plans, but they have elected to provide additional voluntary disclosure to help foster a better understanding of some of the nontraditional characteristics of the plan.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and monetary credits for service since the plan began, would be the total monetary credits and employees contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. The plan also provides death and disability benefits. A member is vested after 5 years, but he must leave his accumulated contributions in the plan. If a member withdraws his own money, he is not entitled to the employer-financed monetary credits, even if he was vested. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Contributions

At September 30, 2011, the contribution rate for the employees was 7%, and the City matching percent was 8.25%, both as adopted by the governing body of the City. Under the state law governing TMRS, the City contribution rate is annually determined by the actuary. The unit credit actuarial cost method is used for determining the contribution rate for each city. This rate consists of the normal cost contribution rate, both of which are calculated to be a level percent of payroll from year to year.

The normal cost contribution rate finances the currently accruing monetary credits due to the city matching percent, which are the obligation of the City matching percent, which are the obligation of the City as of the employee's retirement date, not at the time the employee's contributions are made.

The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his retirement becomes effective.

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE K. PENSION PLAN (CONTINUED)**

The prior service contribution rate amortizes the unfunded (or over-funded) actuarial liability (asset) over the remainder of each plan's 25-year amortization period. Currently, the unfunded actuarial liability is being amortized over a 25-year open period. The employer contribution rate cannot exceed a statutory maximum rate that is a function of the employee contribution rate and the City matching percent. The maximum employer contribution rate is 14%. These maximum rates come into play only occasionally. Contributions are made monthly by both the employees and City. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis of the rate and the calendar year when the rate goes into effect.

The City's total payroll in fiscal year 2011 was \$12,616,114 and the City's contributions were based on payroll of \$8,312,837. Both the City and the covered employees made the required contributions, amounting to \$853,565 (14.44% for calendar year 2010 and 8.25% for calendar year 2011) for the City, and \$581,901 (7%) for the employees. There were no related-party transactions. All contributions were made by their respective due dates.

Funding Status and Programs

Even though the substance of the City's plan is not to provide a defined benefit in some form, some additional voluntary disclosure is appropriate due to the nontraditional nature of the defined contribution plan which had an initial unfunded pension benefit obligation due to the monetary credits granted by the City for services rendered before the plan began and which can have additions to the unfunded pension benefit credits and benefits. Statement No. 27 of the Governmental Accounting Standards Board (GASB 5) defines Actuarial Accrued Liability (AAL) as a standardized disclosure measure of the actuarial present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding progress over time, of public employee pension plans, in accumulating sufficient assets to pay benefits when due rather than placing under emphasis on current point-in-time measures.

The Actuarial Accrued Liability shown below is similar in nature to the standardized disclosure measure required by GASB # 27 for defined benefit plans except that there is no need to project salary increases since the benefit credits earned for service to date are not dependent upon future salaries. The calculations were made as part of the annual actuarial valuation as of December 31, 2010. Because of the money-purchase nature of the plan, the interest rate assumption, currently 7.0% per year does not have as much impact on the results as it does for a defined benefit plan. Market value of investments is not determined for each City's plan. All investments for TMRS are at fair value at December 31, 2010. This is in accordance with the elected implementation of Governmental Accounting Standards Board Statement No. 25. The Texas Legislation, thru House Bill 1113 authorized the "Partial Lump Sum Distributions and the "POP-UP" factor. These provisions became effective September 1, 1997. This increases qualified employment under the Restricted Prior Service Credit.

The City of Weslaco is one of 837 municipalities having the benefit plan administered by TMRS. Each of the 837 Municipalities have an annual, individual actuarial valuation performed. All assumptions for the 12/31/10 valuations are contained in the 2010 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153, or on the TMRS website.

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

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**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE K. PENSION PLAN (CONTINUED)**

Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date	12/31/10	(After Plan Change) 12/31/09	(Prior to Plan Change) 12/31/09
Actuarial Value of Assets	\$ 28,318,513	\$ 19,199,534	\$ 15,705,424
Actuarial Accrued Liability	27,479,052	21,559,545	30,697,078
Percentage Funded	103.10%	89.05%	62.55%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	(839,461)	2,360,011	11,497,544
Annual Covered Payroll (Calendar year)	9,802,203	10,083,824	10,083,824
UAAL as a Percentage of Covered Payroll	100.00%	23.40%	114.02%
Net Pension Obligation (NPO) at the Beginning of Period			
Annual Pension Cost:			
Annual Required Contribution (ARC)		831,915	1,472,331
Interest on NPO			
Adjustments to the ARC			
Contributions Made	-	831,915	1,472,331
Increase in NPO			
NPO at the end of the period	\$ -	\$ -	\$ -

The book value of assets is amortized cost for bonds and original cost for short-term securities and stocks. The actuarial assumptions used to compute the actuarially determined City contribution rate are the same as those used to compute the actuarial accrued liability. The numbers above reflect changes in actuarial assumptions since the previous actuarial valuation, which had the effect of increasing the City's contribution rate by 1.67% for 2011. Because of the one-year lag between the actuarial valuation date and the calendar year when the newly calculated rate goes into effect, the new actuarial assumptions will first affect the adoption of changes in the plan since the previous actuarial valuation, which had the effect of increasing the unfunded actuarial accrued liability by \$676,641. The 2012 rate will be 3.88%. This will decrease the unfounded actuarial accrued liability from \$11,497,544 to \$2,360,011, given a funded ratio of 89.1%.

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to retirees employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Fireman's Pension Plan

The Weslaco's Firemen's Relief and Retirement Fund administer a retirement plan for the employees of the fire department. All employees who are members of the fund on the valuation date are included in the valuation.

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE K. PENSION PLAN (CONTINUED)**

<u>12/31/08</u>	<u>12/31/07</u>	<u>12/31/06</u>	<u>12/31/05</u>	<u>12/31/04</u>
\$ 17,001,070	\$ 15,705,424	\$ 14,910,028	\$ 13,912,836	\$ 14,244,463
27,821,973	25,524,437	19,506,553	18,092,798	15,456,284
61.10%	61.50%	76.40%	76.90%	92.20%
10,820,903	9,819,013	4,596,525	4,179,962	1,211,821
9,899,222	9,099,212	7,821,257	7,955,459	7,623,491
109.30%	107.90%	58.70%	52.50%	15.90%
1,196,828	984,969	795,931	592,416	539,959
<u>1,196,828</u>	<u>984,969</u>	<u>795,931</u>	<u>592,416</u>	<u>539,959</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The date of the most recent valuation was December 31, 2009. The valuation was based on the plan of benefits in effect on the valuation date. Valuations are required on this fund every three years. The actuarial cost method used was the Entry Age Actuarial Cost Method. The unfunded accrued liability is being amortized with a level percentage of projected payroll, assuming a 4.0% annual increase. At the current funding levels it is expected to be amortized over nine years.

The City of Weslaco contributed \$411,962 to the plan during this fiscal year including \$6,594 towards amortizing an unfunded accrued liability of \$4,308,720.

At the end of the fiscal year 2011 the City was contributing 10% on gross wages for all full-time firemen and \$240 annually for each volunteer fireman. The full-time firemen contributed 10% of their gross wages to the plan. In 2012 the City's contribution rate will remain at 10%.

Actuarial Present Value of Accrued Benefits	\$ 9,285,971
Actuarial Present Value of Assets	<u>(4,977,251)</u>
Unfunded Actuarial Accrued Liabilities	<u>\$ 4,308,720</u>

Total assets include the present value of additional contributions of \$6,594 per year made by the volunteer firemen.

The City's rate is the same percentage of payroll that the City contributes to the Texas Municipal Retirement System for other employees.

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE K. PENSION PLAN (CONTINUED)**

Other Plans

The City has deferred compensation plans created in accordance with the Internal Revenue Code Section 457. The plans are administered by independent plan administrators through administrative service agreements. One plan is available to all city employees, and the other plan is available to all employees of the Weslaco Fire Department.

Employees defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death or financial hardship.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City, but not subject to the claims of the City's general creditors. Participants' rights under the plan are preferred to those of general creditors of the City in an amount equal to the fair market value of the deferred amount for each participant.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan agreement but does not have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

**NOTE L. INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at September 30, 2011 consisted of the following individual fund receivables and payables:

	<u>Receivable</u>	<u>Payable</u>
General Fund		
Special Revenue - EDC	\$ -	\$ 202,607
Debt Service Fund		361,961
Water and Sewer Fund	877,955	
Sanitation Fund	51,950	163,312
Total General Fund	<u>929,905</u>	<u>727,880</u>
<u>Special Revenue Fund</u>		
General Fund	<u>202,607</u>	
Total Special Revenue Fund	<u>202,607</u>	
Debt Service Fund		
General Fund	<u>361,961</u>	
Total Debt Service Fund	<u>361,961</u>	

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE L.      INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)**

	<u>Receivable</u>	<u>Payable</u>
Enterprise Funds		
Water and Sewer Fund		
Sanitation Fund	\$    119,603	\$     48,863
General Fund		877,955
Sanitation Fund		
Water & Sewer Fund	48,863	119,603
General Fund	163,312	51,950
	<u>331,778</u>	<u>1,098,371</u>
Total Enterprise funds		
	<u>\$   1,826,251</u>	<u>\$   1,826,251</u>
Total All Fund		

**NOTE M.      OPERATING TRANSFERS**

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>General Fund</u>		
Water and Sewer Fund	\$       -	\$       -
Sanitation Fund		
Airport Fund		200,000
Total General Fund	<u>-</u>	<u>200,000</u>
Special Revenue Fund		
Airport Fund		
Total Special Revenue Fund	<u>-</u>	<u>-</u>
Enterprise Funds		
Water and Sewer Fund		
General Fund		
Sanitation Fund		
General Fund		
Airport Fund		
General Fund	200,000	
Total Enterprise Funds	<u>200,000</u>	<u>-</u>
Total All Funds	<u>\$   200,000</u>	<u>\$   200,000</u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE N. DEFERRED REVENUES**

Deferred Revenues at September 30, 2011 are composed of the following:

General Fund		
Taxes receivable net of allowances	\$ 1,061,734	
Paving assessments	26,885	
Confiscated Property	5,000	
Other	8,702	
Total General Fund		\$ 1,102,321
Economic Development Corporation		
	3,130,248	
Total Economic Development Corporation		3,130,248
Debt Service Fund		
Taxes Receivable net of allowances	413,907	
Total Debt Service Fund		413,907
Total Deferred Revenues		<u>\$ 4,646,476</u>

**NOTE O. COMMITMENTS**

The City contracts with the County of Hidalgo, Office of Tax Assessor-Collector to assess, maintain accountability, and collect its property taxes. The City is also committed to the Hidalgo County Appraisal District for the appraisal of property within the City. Also, on October 1, 1993, the Sewer Plant Operations were contracted to OMI, a private management company. The water plant operations were contracted to OMI, on October 1994. The brush collection was contracted to BFI on April 1996. Minimum annual payments are as follows for the fiscal year ended September 30, 2011:

	<u>2011</u>	<u>2010</u>
County of Hidalgo-Tax Collection	\$ 44,060	\$ 41,963
Hidalgo County Appraisal District	80,219	86,033
OMI Management Company Sewer Plant	1,097,174	1,059,979
OMI Management Company Water Plant	1,330,372	1,237,756
Browning Ferris Industries (Brush Collections)	896,004	823,115
Browning Ferris Industries (Garbage Collections)	2,795,552	547,062
Upper Valley Humane Society	109,093	107,809
Municipal Judge	87,180	87,180
Medical Doctor (EMS)	40,005	40,000
Total	<u>\$ 6,479,659</u>	<u>\$ 4,030,897</u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE O.      COMMITMENTS (CONTINUED)**

The Economic Development Corporation of Weslaco (EDC) extended economic incentives to private enterprises as follows:

	<u>Commitment</u>	<u>Paid in Prior Years</u>	<u>Paid in Current Year</u>	<u>Balance Due</u>
Loan/Rent Incentives				
La Abuela Foods, Inc.	\$ 132,500	\$ 129,437	\$ -	\$ 3,063
Total Loan/Rent Incentives	132,500	129,437	-	3,063
<u>Monetary/Incentives</u>				
Arturo's Bar & Grill	10,000			10,000
Becknell Development	250,000			250,000
Darden Restaurants	120,000		60,000	60,000
Dos Logistics	95,000		95,000	-
DT Hospitality	35,000		35,000	-
Javier O. De La Garza, D.D.S.	35,000		35,000	-
John Knox Village	60,000			60,000
Maverick Ind. Services	125,000			125,000
Mountain Glacier	30,000		30,000	-
Nico Tenant Building	180,000			180,000
NICO-WFI, LLC	110,000	100,000		10,000
Pharmacy Care USA	75,000		50,000	25,000
RDG Ande, LTD	50,848			50,848
Reyna Family Development	350,000			350,000
RGV W.O.R.D. Properties, LLC	375,000	225,000	50,000	100,000
Ship & More	10,000		10,000	-
Tan 'US Sales Company				-
(Payable over 7 years)	2,000,000	1,428,001	302,999	269,000
TD Industries	71,000			71,000
Trinity MEP Engineering	35,000		35,000	-
Weslaco Hills Apartments	620,000	72,500	485,644	61,856
Total Monetary Incentives	<u>4,636,848</u>	<u>1,825,501</u>	<u>1,188,643</u>	<u>1,622,704</u>
Total Commitment	<u>\$ 4,769,348</u>	<u>\$ 1,954,938</u>	<u>\$ 1,188,643</u>	<u>\$ 1,625,767</u>

Subsequent year balances of \$1,625,767 are contingent on the business entities maintaining agreed upon employment levels and other conditions of the loan/grant incentives. This amount is not recognized as a liability in the financial statements.

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE P. CITY ADVISORY NON-PROFIT CORPORATION**

There are five non-profit corporations owned by the City of Weslaco that are used to attract and promote industry, hospital and housing facilities. The City Hospital and Housing Corporations (four) act as advisory boards which review and provide recommendations to the City Commission. There are no financial transactions involved. Weslaco Development Committee, Inc. dissolved during the 2002 fiscal year. The Weslaco Economic Development Corporation absorbed the Weslaco Development Committee, Inc. assets and liabilities. The EDC operations are reported as a component unit in the Special Revenue Fund.

**NOTE Q. PROPRIETARY FUND-SANITARY LANDFILL**

Recognition of closure and post-closure costs

State and federal EPA laws require final cover closure as well as post-closure care of the City of Weslaco landfill site in Alton, Texas. The Governmental Accounting Standards Board issued Statement No. 18-Accounting for Municipal Solid Waste Landfill Closure and Post-Closure Care Costs. This statement addresses the financial statement effect of the EPA rules and states rules and requires that all closure and post-closure costs be recognized during the operating life of the landfill. The City's landfill is currently inactive. The closure and post-closure costs considered are based on this inactive state. If the landfill begins receiving wastes, the closure and post-closure and related liability balance will have to be revised based on the capacity of the landfill that will be used.

Approximately twenty-five percent of the landfill capacity has been used to date. Based on the current capacity used, \$825,224, was estimated as a closure and post-closure cost. The transfer station, underground petroleum storage tanks, closure and post-closure costs were estimated at \$131,556. The landfill has been closed and post-closure costs liability is estimated at \$786,238. These costs are currently reflected in the financial statements of the Sanitation Fund. As costs are incurred during the year, the liability will be reduced. The City met the state's financial assurance requirements during the current fiscal year. The landfill remains in an inactive status as of September 30, 2011. The post-closure costs include lab tests, gas monitoring, leachate disposal and general monitoring maintenance during its inactive status.

**NOTE R. CONTINGENT LIABILITIES**

The City participates in a number of federally assisted grant programs which are the Community Development Block Grants, the Local Public Works Program, and the Texas Department of Transportation. These programs are subject to program compliance audits by the grantors or their representatives. The audit of these programs for/or including the year ending September 30, 2010 have not yet been conducted. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**NOTE S. LITIGATION**

There are several pending lawsuits in which the City is involved. The City attorney estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City at September 30, 2011.

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE T. 380 ECONOMIC DEVELOPMENT PROGRAM AGREEMENT**

The City of Weslaco is committed to the promotion of high quality development in all parts of the City and to an ongoing improvement in the quality of life for its citizens. The City of Weslaco has previously developed economic development programs and incentives designed to encourage high quality business, commercial, professional sports and manufacturing concerns to locate, remain, and expand in the City of Weslaco. Now the City of Weslaco seeks to enhance its economic development efforts to attract and retain high quality development and jobs by establishing Chapter 380 Economic Development Program Agreements.

These 380 Economic Development Program Agreements are established in an effort to develop and expand the local economy by promoting and encouraging development and redevelopment projects that enhance the City's economic base, and diversify and expand job opportunities or by promoting and encouraging projects that create additional revenue for the City without substantially increasing the demand on City services or infrastructure. The ultimate goal and public purpose of programs established is to protect and enhance the City's fiscal ability to provide high quality municipal services for the safety, comfort and enjoyment of Weslaco residents.

The following table lists the total Economic Development Program Agreements of the active 380 Economic Development Program Agreements:

Agreement	Total Payments	Payments		
		Prior Years	Current Year	Balance
SDI Weslaco Holdings, LLC	\$ 3,213,255		487593	\$ 2,725,662
HEB Grocery Company, L.P.	4,193,162		283837	3,909,325
Lowe's Home Center, Inc.	222,890		42675	180,215
Total	<u>\$ 7,629,307</u>	<u>\$ -</u>	<u>\$ 814,105</u>	<u>\$ 6,815,202</u>

In addition to the 380 Agreement, the City also offered sales rebates as additional incentives to the developer and retail establishments, locating within the SDI development project. These rebates are not recorded as a liability or commitment, as the individual amounts are not known until the sales taxes are collected. The total rebates have been set at \$5,250,000. These are to be reimbursed over ten years, beginning April 1, 2011 \$98,539 of current sales tax proceeds were reimbursed leaving a balance of \$5,151,461.

**NOTE U. REDUCTION-IN-FORCE (RIF)**

From August 19 thru September 23, 2011, the City of Weslaco, Texas undertook a Reduction-In-Force, (RIF) which resulted in 24 employees leaving the City's employment.

The Reduction-in-Force will result in an annual decrease of operating costs of approximately \$1,000,000.



**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE V.        SUBSEQUENT EVENTS**

The Economic Development Corporation of Weslaco (EDC) entered in an agreement with the City of Weslaco as follows:

- (1).        To pay \$250,000 towards a State of Texas TX DOT Airport Project runway extension.
- (2).        To pay up to \$29,000 towards a salary of an airport operations coordinator/technician for the 2011-2012 fiscal year.
- (3).        To construct three additional hangers as follows: Beginning December 2012, 2013 and 2014 with 25 years of optional leases on the land with the condition that the lease payments be forgiven, provided the hangers revert back to the City at the termination of the lease.

On December 28, 2011, the City of Weslaco, Texas issued Tax Note Series 2011 for \$8,500,000 for Water and Sewer Projects with \$390,000 allocated for public safety vehicles.

Also on January 15, 2012, the City of Weslaco, Texas issued a Tax and Revenue Certificate of Obligation, Series 2012 for \$24,335,000. The proceeds of the certificate will be used for financing the design, construction, equipping, renovation and/or rehabilitation of the City's Waterworks and Sewer Systems.

Subsequent events were evaluated through May 11, 2012, which is the date the financial statements were issued.

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

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**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

**CITY OF WESLACO, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
ANALYSIS OF FUNDING PROGRESS  
LAST THREE FISCAL YEARS**

Fiscal Year	(1) Actuarial Value of Assets**	(2) Actuarial Accrued Liability *	(3) Funded Ratio (1)/(2)	(4) Unfunded Actuarial Accrued Liability	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability As A Percentage of Covered Payroll
2008	\$ 17,001,070	\$ 27,821,973	61.1%	\$ 10,820,903	\$ 9,899,222	109.3%
2009	15,705,424	30,697,078	62.5%	11,497,544	10,083,824	114.02%
2010	28,318,513	27,479,052	103.10%	(839,461)	9,802,203	100.00%

\* As of December 31 of the preceding year, the date of the actuarial valuation.

\*\* Assets are stated cost as of December 31 of the preceding year.

## NON-MAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

Library Fund-This fund was created to account for sales tax allocations, grants and contributed revenues used to operate the Weslaco Library.

Hotel/Motel Tax Fund-This fund was created to account for hotel/motel tax collected in Weslaco. These funds are allocated for use in economic development and community enhancement.

**CITY OF WESLACO, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

	<u>Special Revenue Funds</u>			
	<u>Hotel/ Motel Tax</u>	<u>Library Fund</u>	<u>2011 Total Funds</u>	<u>2010 Total Funds</u>
<b>Assets</b>				
Cash and Cash Investments	\$ 574,557	\$ 14,364	\$ 588,921	\$ 468,060
Accounts Receivable	64,964	-	64,964	72,212
Due From Other Governments	-	-	-	-
<b>Total Assets</b>	<u>\$ 639,521</u>	<u>\$ 14,364</u>	<u>\$ 653,885</u>	<u>\$ 540,272</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts Payable	\$ 4	\$ -	\$ 4	\$ 648
Deferred Revenue	-	-	-	-
<b>Total Liabilities</b>	<u>4</u>	<u>-</u>	<u>4</u>	<u>648</u>
<b>Fund Balances</b>				
Unreserved				
Designated			-	
Undesignated	639,517	14,364	653,881	539,624
<b>Total Fund Balance</b>	<u>639,517</u>	<u>14,364</u>	<u>653,881</u>	<u>539,624</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 639,521</u>	<u>\$ 14,364</u>	<u>\$ 653,885</u>	<u>\$ 540,272</u>

The notes to the financial statements are an integral part of this statement

**CITY OF WESLACO, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2011**

	<u>Special Revenue Funds</u>			
	<u>Hotel/ Motel Tax</u>	<u>Library Fund</u>	<u>2011 Total Funds</u>	<u>2010 Total Funds</u>
<b>Revenues</b>				
Hotel/Motel Tax	\$ 358,390	\$ -	\$ 358,390	\$ 359,421
Intergovernmental			-	-
Investment Income			-	33
Contributions			-	
Miscellaneous			-	
<b>Total Revenue</b>	<u>358,390</u>	<u>-</u>	<u>358,390</u>	<u>359,454</u>
<b>Expenditures</b>				
Current:				
Development services	27,724		27,724	44,640
Cultural and recreational	216,409		216,409	365,124
Capital outlay			-	-
<b>Total Expenditures</b>	<u>244,133</u>	<u>-</u>	<u>244,133</u>	<u>409,764</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>114,257</u>	<u>-</u>	<u>114,257</u>	<u>(50,310)</u>
<b>Other financing sources (uses)</b>				
Bonds issued				
Transfers in			-	-
Transfers out			-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of (deficiency) revenues and other sources over expenditures and other (uses)</b>	<u>114,257</u>	<u>-</u>	<u>114,257</u>	<u>(50,310)</u>
<b>Fund balances at beginning of year</b>	<u>525,260</u>	<u>14,364</u>	<u>539,624</u>	<u>589,934</u>
<b>Fund balances at end of year</b>	<u>\$ 639,517</u>	<u>\$ 14,364</u>	<u>\$ 653,881</u>	<u>\$ 539,624</u>

The notes to the financial statements are an integral part of this statement



**CITY OF WESLACO, TEXAS  
HOTEL/MOTEL TAX SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2011  
WITH COMPARATIVE ACTUAL TOTALS FOR 2010**

	2011		2010	
	Budget Amounts		Variance with Final Budget Positive (Negative)	Actual GAAP Basis
	Original	Final		
<b>Revenues</b>				
Occupancy tax	\$ 390,000	\$ 390,000	\$ (31,610)	\$ 359,421
Investment income	3,320	3,320	(3,320)	33
Miscellaneous Income	-	-	-	-
<b>Total Revenues</b>	<u>393,320</u>	<u>393,320</u>	<u>(34,930)</u>	<u>359,454</u>
<b>Expenditures</b>				
Current:				
Development services	76,084	76,084	48,360	44,086
Cultural and recreational	229,954	229,954	13,545	365,124
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<u>306,038</u>	<u>306,038</u>	<u>61,905</u>	<u>409,210</u>
<b>Excess of revenues over expenditures</b>	87,282	87,282	26,975	(49,756)
<b>Other financing (uses)</b>				
Transfers out	-	-	-	-
<b>Excess of revenues over expenditures and other (uses)</b>	<u>\$ 87,282</u>	<u>\$ 87,282</u>	<u>\$ 26,975</u>	<u>(49,756)</u>
<b>Fund balances at beginning of year</b>			525,260	575,016
<b>Fund balances at end of year</b>			<u>\$ 639,517</u>	<u>\$ 525,260</u>

The notes to the financial statements are an integral part of this statement

**CITY OF WESLACO, TEXAS  
LIBRARY FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2011  
WITH COMPARATIVE ACTUAL TOTALS FOR 2010**

	2011			2010
	Budget Amounts		Actual	Variance with
	Original	Final	GAAP	Final Budget
			Basis	Positive
				(Negative)
				Actual
				GAAP
				Basis
<b>Revenues</b>				
Sales tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-
Investment income	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	-	-	-	-
<b>Expenditures</b>				
Current:				
Cultural/recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>Excess (deficiency) of revenues over expenditures</b>	-	-	-	-
<b>Other financing sources (uses)</b>				
Transfers in				
Transfers out				
<b>Total other financing sources (uses)</b>		-	-	-
<b>Excess of (deficiency) revenues and other sources over expenditures and other (uses)</b>	\$ -	\$ -	-	\$ -
<b>Fund balance at beginning of year</b>			14,364	14,918
<b>Fund balances at end of year</b>			\$ 14,364	\$ 14,364

The notes to the financial statements are an integral part of this statement

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND ACCOUNT  
GROUPS**

#### **GENERAL FUND**

The General Fund accounts for the resources used to finance the fundamental operations of the City. It is the basic fund of the City and covers all activities for which a separate fund has not been established.

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2011**

<b>Assets</b>	<b>2011</b>	<b>2010</b>
Cash	\$ 466,809	\$ 580,055
Investments		
Receivable (Net of allowance)		
Property taxes	1,160,936	1,255,471
Sales taxes	810,427	700,246
Ambulance fee	104,952	139,780
Other	246,722	214,823
Other assets	5,000	5,000
Inventories	57,391	69,467
Due from other funds	929,905	929,906
Due from other governments	194,970	236,012
Restricted Cash-Boy's & Girls Club	397,595	397,595
Restricted Cash-Friends of the Library	486,479	481,921
Restricted Cash-PEG	29,167	
<b>Total Assets</b>	<b>\$ 4,890,353</b>	<b>\$ 5,010,276</b>
<b>Liabilities and Fund Balance</b>		
Liabilities		
Accounts payable	\$ 695,627	\$ 878,974
Accrued salaries and payroll taxes	32,363	101,698
Compensated absences	191,261	206,022
Volunteer separation payable		611,900
Contract payable	150,807	
Due to other funds	727,880	342,841
Other liabilities	240,035	229,712
Trust-Boy's & Girl's Club	397,595	397,595
Trust-Friends of the Library	486,479	481,921
Trust-PEG	29,167	
Deferred revenues	1,102,321	1,244,292
Revolving Loan-Contingency		550,000
<b>Total Liabilities</b>	<b>4,053,535</b>	<b>5,044,955</b>
<b>Fund Balance</b>		
Reserve for inventories	57,391	69,467
Unreserved		
Designated for community promotion		31,301
Designated for public safety equipment	102,257	222,186
Designated for drainage projects		49,775
Designated for excess sales tax receipts	167,976	167,976
Designated for land improvements		15,000
Designated for the endowments		747
Designated for swimming pool project	25,000	25,000
Undesignated	484,194	(616,131)
<b>Total Fund Balance</b>	<b>836,818</b>	<b>(34,679)</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 4,890,353</b>	<b>\$ 5,010,276</b>

**CITY OF WESLACO, TEXAS**  
**GENERAL FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED SEPTEMBER 30, 2010)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2010 Actual</u>
<b>Revenues</b>				
Taxes	\$ 15,383,526	\$ 16,296,631	\$ 913,105	\$ 15,614,848
Licenses and permits	310,250	363,068	52,818	370,890
Intergovernmental	791,448	577,538	(213,910)	753,267
Charges for services	2,706,711	2,565,294	(141,417)	2,905,104
Fines and forfeits	631,700	463,778	(167,922)	676,431
Interest	14,000	10,774	(3,226)	5,824
Miscellaneous revenue	402,800	283,129	(119,671)	337,567
Sale of assets	96,313	111,328	15,015	
<b>Total Revenues</b>	<u>20,336,748</u>	<u>20,671,540</u>	<u>334,792</u>	<u>20,663,931</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	4,511,947	4,255,134	256,813	3,633,642
Public safety	11,653,981	11,664,128	(10,147)	12,725,966
Public works	1,415,987	1,342,074	73,913	1,390,192
Health	108,048	100,315	7,733	128,875
Culture and recreation	1,102,665	959,685	142,980	2,311,038
Nondepartmental expenses	677,606	684,020	(6,414)	779,286
Capital outlay	168,747	215,182	(46,435)	7,872,628
Debt service				
Principal	1,300,000	1,300,000	-	
Interest	23,542	16,861	6,681	
<b>Total Expenditures</b>	<u>20,962,523</u>	<u>20,537,399</u>	<u>425,124</u>	<u>28,841,627</u>
<b>Excess (Deficiency) of Revenues Over Expenditures Before Operating Transfers and Extraordinary Items</b>	<u>(625,775)</u>	<u>134,141</u>	<u>759,916</u>	<u>(8,177,696)</u>
<b>Operating Transfers and Extraordinary Items</b>				
Note proceeds	1,300,000	1,300,000	-	
Operating transfers in	332,534		(332,534)	164,040
Operating transfers out	(250,000)	(200,000)	50,000	
Volunteer separation expense			-	(611,900)
Proceeds from 380 Agreements				7,629,307
380 Agreement expenditures and rebates	<u>(725,151)</u>	<u>(912,644)</u>	<u>(187,493)</u>	
<b>Total Operating Transfers and Extraordinary Items</b>	<u>657,383</u>	<u>187,356</u>	<u>(470,027)</u>	<u>7,181,447</u>
<b>Excess (Deficiency) of Revenues Operating Transfers, and Extraordinary Items Over Expenditures</b>	<u>\$ 31,608</u>	<u>\$ 321,497</u>	<u>\$ 289,889</u>	<u>\$ (996,249)</u>

**CITY OF WESLACO, TEXAS**  
**GENERAL FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED SEPTEMBER 30, 2010)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2010 Actual</u>
Excess (Deficiency) of Revenues, Operating Transfers, and Extraordinary Items Over Expenditures	\$ 31,608	\$ 321,497	\$ 289,889	\$ (996,249)
Rescindment of Revolving Loan Contingency		550,000		
Fund Balance, October 1,		(34,679)		961,570
Fund Balance, September 30,		\$ 836,818		\$ (34,679)

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Taxes</b>			
General property taxes			
Advalorem taxes	\$ 6,530,000	\$ 6,921,823	\$ 391,823
Penalties and interest on taxes	225,000	251,554	26,554
<b>Total General Property Taxes</b>	<b>6,755,000</b>	<b>7,173,377</b>	<b>418,377</b>
City sales tax	7,120,000	7,398,468	278,468
Alcoholic beverage tax	45,000	67,205	22,205
Bingo tax	2,000	4,283	2,283
Payment in lieu of taxes	-	-	-
Franchise taxes	1,461,526	1,653,298	191,772
Other	-	-	-
<b>Total Taxes</b>	<b>15,383,526</b>	<b>16,296,631</b>	<b>913,105</b>
<b>Licenses and Permits</b>			
Business licenses and permits	269,300	309,355	40,055
Non-business licenses and permits	40,950	53,713	12,763
<b>Total Licenses and Permits</b>	<b>310,250</b>	<b>363,068</b>	<b>52,818</b>
<b>Intergovernmental Revenue</b>			
Urban County Development Grant		77,375	77,375
Federal Grants	756,448	469,393	(287,055)
State Grants	35,000	30,770	(4,230)
<b>Total Intergovernmental Revenue</b>	<b>791,448</b>	<b>577,538</b>	<b>(213,910)</b>
<b>Charges for Services</b>			
Administrative fee (other city funds)	1,104,711	1,196,770	92,059
Public safety	1,307,000	1,187,255	(119,745)
Health	220,000	129,033	(90,967)
Cemetery charges	75,000	52,236	(22,764)
<b>Total Charges for Services</b>	<b>\$ 2,706,711</b>	<b>\$ 2,565,294</b>	<b>\$ (141,417)</b>



**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Fines and Forfeits</b>			
Corporation court fines	\$ 503,000	\$ 328,415	\$ (174,585)
Municipal court technology	7,000	11,258	4,258
Parking meter fines		-	-
Money confiscated		38,550	38,550
Court fines	115,500	78,591	(36,909)
Library fines	6,200	6,964	764
<b>Total Fines and Forfeits</b>	<b>631,700</b>	<b>463,778</b>	<b>(167,922)</b>
<b>Interest</b>			
Interest revenue	14,000	10,774	(3,226)
<b>Total Interest</b>	<b>14,000</b>	<b>10,774</b>	<b>(3,226)</b>
<b>Miscellaneous Revenues</b>			
Rents	62,700	75,736	13,036
Royalties	3,000	1,269	(1,731)
Contribution	1,400	142	(1,258)
Reimbursements	187,000	123,601	(63,399)
Other income	148,700	82,381	(66,319)
<b>Total Miscellaneous Revenues</b>	<b>402,800</b>	<b>283,129</b>	<b>(119,671)</b>
<b>Sale of Assets</b>			
Proceeds Sale of Assets	96,313	111,328	15,015
<b>Total Sale of Assets</b>	<b>96,313</b>	<b>111,328</b>	<b>15,015</b>
<b>Total Revenues</b>	<b>\$ 20,336,748</b>	<b>\$ 20,671,540</b>	<b>\$ 334,792</b>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>GENERAL GOVERNMENT</b>			
<b>Control</b>			
<b>Legislative-City Commission</b>			
Personal services	\$ 13,564	\$ 11,115	\$ 2,449
Other services & charges	140,023	135,813	4,210
Supplies	6,900	5,317	1,583
<b>Total Legislative-City Commission</b>	<b>160,487</b>	<b>152,245</b>	<b>8,242</b>
<b>Executive-/City Manager's Office</b>			
Personal services	256,670	236,656	20,014
Other services & charges	11,376	28,989	(17,613)
Supplies	5,200	4,591	609
<b>Total Executive-City Manager's Office</b>	<b>273,246</b>	<b>270,236</b>	<b>3,010</b>
<b>City Secretary's Office</b>			
Personal services	260,588	269,687	(9,099)
Other services & charges	30,326	16,383	13,943
Supplies	8,698	1,397	7,301
<b>Total City Secretary's Office</b>	<b>299,612</b>	<b>287,467</b>	<b>12,145</b>
<b>Judicial-Corporation Court</b>			
Personal services	146,221	148,417	(2,196)
Other services & charges	103,156	103,625	(469)
Supplies	4,850	3,564	1,286
<b>Total Judicial-Corporation Court</b>	<b>254,227</b>	<b>255,606</b>	<b>(1,379)</b>
<b>Total Control</b>	<b>987,572</b>	<b>965,554</b>	<b>22,018</b>
<b>Staff Agencies</b>			
<b>Elections</b>			
Personal services	-	-	-
Other services & charges	27,995	27,116	879
Supplies	4,000		4,000
<b>Total Elections</b>	<b>\$ 31,995</b>	<b>\$ 27,116</b>	<b>\$ 4,879</b>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>GENERAL GOVERNMENT-continued</b>			
<b>Staff Agencies-continued</b>			
<b>Finance</b>			
Personal services	\$ 299,875	\$ 298,601	\$ 1,274
Other services & charges	108,433	109,010	(577)
Supplies	8,777	7,487	1,290
<b>Subtotal</b>	<u>417,085</u>	<u>415,098</u>	<u>1,987</u>
Assessment and Collection of Taxes	<u>248,673</u>	<u>266,896</u>	<u>(18,223)</u>
<b>Total Finance</b>	<u>665,758</u>	<u>681,994</u>	<u>(16,236)</u>
<b>Personnel Director</b>			
Personal services	224,495	230,948	(6,453)
Other services & charges	44,927	41,601	3,326
Supplies	9,049	7,261	1,788
<b>Total Personnel Director</b>	<u>278,471</u>	<u>279,810</u>	<u>(1,339)</u>
<b>Purchasing</b>			
Personal services	109,118	100,464	8,654
Other services & charges	16,675	11,262	5,413
Supplies	3,920	1,222	2,698
<b>Total Purchasing</b>	<u>129,713</u>	<u>112,948</u>	<u>16,765</u>
<b>Law-City Attorney</b>			
Personal services			
Other services & charges	291,088	291,088	-
Supplies	1,200	16	1,184
<b>Total Law</b>	<u>292,288</u>	<u>291,104</u>	<u>1,184</u>
<b>Building Maintenance</b>			
Personal services	1,015,997	853,554	162,443
Other services & charges	456,678	421,325	35,353
Supplies	52,093	38,367	13,726
<b>Total Building Maintenance</b>	<u>\$ 1,524,768</u>	<u>\$ 1,313,246</u>	<u>\$ 211,522</u>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>GENERAL GOVERNMENT-continued</b>			
<b>Data Processing</b>			
Personal services	\$ 206,130	\$ 233,690	\$ (27,560)
Other services & charges	129,487	129,487	-
Supplies	18,556	7,514	11,042
<b>Total Data Processing</b>	<u>354,173</u>	<u>370,691</u>	<u>(16,518)</u>
 <b>Planning</b>			
Personal services	220,793	196,035	24,758
Other services & charges	18,869	12,471	6,398
Supplies	7,547	4,165	3,382
<b>Total Planning</b>	<u>247,209</u>	<u>212,671</u>	<u>34,538</u>
 <b>Total Staff Agencies</b>	<u>3,524,375</u>	<u>3,289,580</u>	<u>234,795</u>
 <b>Total General Government</b>	<u>\$ 4,511,947</u>	<u>\$ 4,255,134</u>	<u>\$ 256,813</u>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>PUBLIC SAFETY</b>			
<b>Police Department</b>			
Investigation and Uniformed Patrol			
Personal services	\$ 4,957,694	\$ 4,912,854	\$ 44,840
Other services & charges	166,788	180,530	(13,742)
Supplies	204,354	203,538	816
<b>Total Investigation and         Uniformed Patrol</b>	<u>5,328,836</u>	<u>5,296,922</u>	<u>31,914</u>
 <b>Parking Control</b>			
Personal services			-
Other services & charges			-
Supplies			-
<b>Total Parking Control</b>	<u>-</u>	<u>-</u>	<u>-</u>
 <b>Traffic Safety</b>			
Personal services	74,782	75,454	(672)
Other services & charges	15,241	15,241	-
Supplies	25,301	11,785	13,516
<b>Total Traffic Safety</b>	<u>115,324</u>	<u>102,480</u>	<u>12,844</u>
 <b>Total Police Department</b>	<u>5,444,160</u>	<u>5,399,402</u>	<u>44,758</u>
 <b>Fire Suppression</b>			
Personal services	4,851,206	4,943,616	(92,410)
Other services & charges	173,005	160,849	12,156
Supplies	148,172	154,853	(6,681)
<b>Total Protective Inspection</b>	<u>5,172,383</u>	<u>5,259,318</u>	<u>(86,935)</u>
 <b>Emergency Medical Services</b>			
Personal services			-
Other services & charges	282,870	286,534	(3,664)
Supplies	123,850	111,813	12,037
<b>Total Emergency Medical Services</b>	<u>\$ 406,720</u>	<u>\$ 398,347</u>	<u>\$ 8,373</u>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>PUBLIC SAFETY-continued</b>			
<b>Code Enforcement</b>			
Personal services	\$ 339,871	\$ 340,336	\$ (465)
Other services & charges	138,983	125,983	13,000
Supplies	27,200	16,290	10,910
<b>Total Code Enforcement</b>	<u>506,054</u>	<u>482,609</u>	<u>23,445</u>
<b>Emergency Management</b>			
Personnel Services			-
Other services & charges	41,485	29,399	12,086
Supplies	83,179	95,053	(11,874)
<b>Total Emergency Management</b>	<u>124,664</u>	<u>124,452</u>	<u>212</u>
<b>Total Fire Department</b>	<u>6,209,821</u>	<u>6,264,726</u>	<u>(54,905)</u>
<b>Total Public Safety</b>	<u>11,653,981</u>	<u>11,664,128</u>	<u>(10,147)</u>
<b>PUBLIC WORKS</b>			
<b>Administration</b>			
Personal services	34,948	89,312	(54,364)
Other services & charges	6,366	6,263	103
Supplies	4,620	4,050	570
<b>Total Administration</b>	<u>45,934</u>	<u>99,625</u>	<u>(53,691)</u>
<b>Urban Development</b>			
Personal services	-	-	-
Other services & charges	80,000	29,534	50,466
Supplies	-	85	(85)
<b>Total Urban Development</b>	<u>80,000</u>	<u>29,619</u>	<u>50,381</u>
<b>Drain Ditch Maintenance</b>			
Personal services	37,614	45,222	(7,608)
Other services & charges	52,243	35,159	17,084
Supplies	20,143	29,987	(9,844)
<b>Total Drain Ditch Maintenance</b>	<u>\$ 110,000</u>	<u>\$ 110,368</u>	<u>\$ (368)</u>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>PUBLIC WORKS-continued</b>			
<b>Streets and Highways</b>			
Personal services	\$ 456,389	\$ 433,873	\$ 22,516
Other services & charges	84,379	72,324	12,055
Supplies	77,186	52,583	24,603
<b>Total Streets and Highways</b>	<u>617,954</u>	<u>558,780</u>	<u>59,174</u>
<b>Street Cleaning</b>			
Personal services	99,482	93,506	5,976
Other services & charges	10,000	8,392	1,608
Supplies	9,986	5,153	4,833
<b>Total Street Cleaning</b>	<u>119,468</u>	<u>107,051</u>	<u>12,417</u>
<b>Street Lighting</b>			
Other services & charges	442,631	436,631	6,000
<b>Total Street Lighting</b>	<u>442,631</u>	<u>436,631</u>	<u>6,000</u>
<b>Total Public Works</b>	<u>1,415,987</u>	<u>1,342,074</u>	<u>73,913</u>
<b>HEALTH</b>			
<b>Vital Statistics</b>			
Personal services	83,323	84,324	(1,001)
Other services & charges	17,225	11,679	5,546
Supplies	7,500	4,312	3,188
<b>Total Vital Statistics</b>	<u>108,048</u>	<u>100,315</u>	<u>7,733</u>
<b>Total Health</b>	<u>108,048</u>	<u>100,315</u>	<u>7,733</u>
<b>CULTURE AND RECREATION</b>			
<b>Municipal Parks</b>			
Personal services	114,664	53,803	60,861
Other services & charges	27,448	63,862	(36,414)
Supplies	5,977	18,831	(12,854)
<b>Total Municipal Parks</b>	<u>\$ 148,089</u>	<u>\$ 136,496</u>	<u>\$ 11,593</u>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>CULTURE AND RECREATION-continued</b>			
<b>Swimming Pool</b>			
Personal services	\$ 43,259	\$ 42,555	\$ 704
Other services & charges	3,895	3,759	136
Supplies	13,255	12,889	366
<b>Total Swimming Pool</b>	<u>60,409</u>	<u>59,203</u>	<u>1,206</u>
<b>Library</b>			
Personal services	561,333	501,971	59,362
Other services & charges	179,577	146,200	33,377
Supplies	153,257	115,815	37,442
<b>Total Library</b>	<u>894,167</u>	<u>763,986</u>	<u>130,181</u>
<b>Total Culture &amp; Recreation</b>	<u>1,102,665</u>	<u>959,685</u>	<u>142,980</u>
<b>NON-DEPARTMENTAL EXPENSES</b>			
<b>General expenditures:</b>			
Personal services	169,600	78,589	91,011
Other services & charges	508,006	582,148	(74,142)
Community expenditures-Urban County	-	23,283	(23,283)
Community development	-	-	-
<b>Total Miscellaneous</b>	<u>677,606</u>	<u>684,020</u>	<u>(6,414)</u>
<b>CAPITAL OUTLAY</b>			
General Government	27,080	38,990	(11,910)
Public Safety	129,017	161,952	(32,935)
Public Works	-	-	-
Streets and Highways	-	-	-
Culture and Recreation	12,650	14,240	(1,590)
Health	-	-	-
Infrastructure (380 Agreement)	-	-	-
<b>Total Capital Outlay</b>	<u>168,747</u>	<u>215,182</u>	<u>(46,435)</u>
<b>DEBT SERVICE</b>			
Principal	1,300,000	1,300,000	-
Interest and fees	23,542	16,861	6,681
<b>Total Debt Service</b>	<u>1,323,542</u>	<u>1,316,861</u>	<u>6,681</u>
<b>Total Expenditures</b>	<u>\$ 20,962,523</u>	<u>\$ 20,537,399</u>	<u>\$ 425,124</u>



### **SPECIAL REVENUE FUNDS**

These fund account for revenues are earmarked or restricted for certain purposes or within certain limitations.

Economic Development Corporation of Weslaco-This fund was created to account for the collection of a ½ cent sales tax to be used in economic development activities.

Library Fund-This fund was created to account for sales tax allocations, grants and contributed revenues used to operate the Weslaco Library.

Hotel/Motel Tax Fund-This fund was created to account for hotel/motel tax collected in Weslaco. These funds are allocated for use in economic development and community enhancement.

**CITY OF WESLACO, TEXAS  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEETS  
SEPTEMBER 30, 2011  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2010)**

	<u>Economic Development Corporation</u>	<u>Library Fund</u>	<u>Hotel/ Motel Tax</u>
<b>Assets</b>			
Cash	\$ 1,327,152	\$ 14,364	\$ 574,557
Investments	693,868		
Accounts receivables	10,590		64,964
Due from other funds	202,607		
Due from others			
Notes receivable (net)	4,009,758		
Accrued Interest			
Prepaid expenses			
Escrow			
Assets held for resale	247,721		
<b>Total Assets</b>	<u>\$ 6,491,696</u>	<u>\$ 14,364</u>	<u>\$ 639,521</u>
<b>Liabilities and Fund Balances</b>			
Accounts payable	\$ 118,207	\$ -	\$ 4
Prepaid rent	6,917		
Accrued salaries			
Due to other funds			
Security deposits	13,000		
Deferred revenue	3,130,248		
<b>Total Liabilities</b>	<u>3,268,372</u>	<u>-</u>	<u>4</u>
<b>Fund Balance</b>			
Reserved			
Reserved for bond service	693,868		
Unreserved			
Designated for business loans			
Designated for administration			
Designated for economic incentive			
Designated for project development	600,000		
Undesignated	1,929,456	14,364	639,517
<b>Total Fund Balance</b>	<u>3,223,324</u>	<u>14,364</u>	<u>639,517</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 6,491,696</u>	<u>\$ 14,364</u>	<u>\$ 639,521</u>

<b>Totals</b>			
<b>2011</b>		<b>2010</b>	
\$ 1,916,073		\$ 1,192,120	
693,868		902,200	
75,554		84,744	
202,607		175,061	
-		-	
4,009,758		4,047,930	
-			
-			
-			
247,721		284,376	
<u>\$ 7,145,581</u>		<u>\$ 6,686,431</u>	
\$ 118,211		\$ 427,516	
6,917			
-		133	
-			
13,000		3,000	
<u>3,130,248</u>		<u>3,218,276</u>	
<u>3,268,376</u>		<u>3,648,925</u>	
693,868		902,200	
-			
-			
-			
600,000		600,000	
<u>2,583,337</u>		<u>1,535,306</u>	
<u>3,877,205</u>		<u>3,037,506</u>	
<u>\$ 7,145,581</u>		<u>\$ 6,686,431</u>	

**CITY OF WESLACO, TEXAS**  
**SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2010)**

	<u>Economic Development Corporation</u>	<u>Library Fund</u>	<u>Hotel/ Motel Tax</u>
<b>Revenues</b>			
Sales taxes	\$ 2,466,156	\$ -	\$ -
Hotel taxes			358,390
Intergovernmental Contributions			
Interest	52,387		
Program Income	150,054		
Sale of assets	255,846		
Other	18,617		
<b>Total Revenues</b>	<u>2,943,060</u>	<u>-</u>	<u>358,390</u>
<b>Expenditures</b>			
Economic development	5,294,834		
Culture & recreation	113,840		244,133
Capital outlay	387,130		
<b>Total Expenditures</b>	<u>5,795,804</u>	<u>-</u>	<u>244,133</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(2,852,744)</u>	<u>-</u>	<u>114,257</u>
<b>Other Financing Sources (Uses):</b>			
Notes proceeds	250,000		
Bond revenues	3,430,000		
Bond issuance costs	(101,814)		
Operating transfers in			
Operating transfers out			
<b>Net Other Financing Sources (Uses)</b>	<u>3,578,186</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses</b>	725,442	-	114,257
<b>Fund Balances at Beginning of Year</b>	<u>2,497,882</u>	<u>14,364</u>	<u>525,260</u>
<b>Fund Balances at End of Year</b>	<u>\$ 3,223,324</u>	<u>\$ 14,364</u>	<u>\$ 639,517</u>

<b>2011</b>		<b>Variance Favorable (Unfavorable)</b>	<b>2010</b>
<b>Totals</b>	<b>Budget</b>		<b>Totals</b>
\$ 2,466,156	\$ 2,372,316	\$ 93,840	\$ 2,304,588
358,390	390,000	(31,610)	359,421
-		-	
-		-	
52,387	35,520	16,867	69,800
150,054	87,101	62,953	109,445
255,846		255,846	131,825
18,617		18,617	11,387
<u>3,301,450</u>	<u>2,884,937</u>	<u>416,513</u>	<u>2,986,466</u>
5,294,834	1,680,516	(3,614,318)	4,115,265
357,973	451,038	93,065	509,056
387,130	530,000	142,870	647,471
<u>6,039,937</u>	<u>2,661,554</u>	<u>(3,378,383)</u>	<u>5,271,792</u>
(2,738,487)	223,383	(2,961,870)	(2,285,326)
250,000		250,000	
3,430,000		3,430,000	
(101,814)		(101,814)	
-		-	
-		-	(4,339)
<u>3,578,186</u>	<u>-</u>	<u>3,578,186</u>	<u>(4,339)</u>
839,699	\$ 223,383	\$ 616,316	(2,289,665)
3,037,506			5,327,171
<u>\$ 3,877,205</u>			<u>\$ 3,037,506</u>

**ECONOMIC DEVELOPMENT CORPORATION OF WESLACO**

**CITY OF WESLACO, TEXAS  
ECONOMIC DEVELOPMENT CORPORATION  
OF WESLACO  
COMPARATIVE SCHEDULE OF EXPENDITURES  
FOR THE YEAR ENDED SEPTEMBER 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>Administration</b>		
Personal services	\$ 59,131	\$ 51,392
Other services & charges	95,624	136,881
<b>Total Administration</b>	<u>154,755</u>	<u>188,273</u>
<b>Property Management</b>		
Personal services	135,087	110,563
Other services & charges	274,623	231,574
Bad debt expense	8,831	8,831
<b>Total Property Management</b>	<u>409,710</u>	<u>350,968</u>
<b>Promotion &amp; Development</b>		
Personal services	69,788	59,534
Consultants		
Other services & charges	44,052	39,758
<b>Total Promotion &amp; Development</b>	<u>113,840</u>	<u>99,292</u>
<b>Contract Services-Funding of Economic Development Projects</b>		
Weslaco Chamber of Commerce	32,500	65,000
Vida Grant	50,000	25,000
City of Weslaco Airport	23,463	6,509
Weslaco Borderland Hardware	10,000	
Valley Nature Center	5,000	
The Bungalow & Company	2,875	
Rita's Dance Studio	15,000	
Sandy Oliveria Pena	1,970	
Ezequiel Reyna	2,475	
Juan Molina	20,000	
Manuel Silva	8,000	
Weslaco Little League	2,500	
Savory Perks		10,000
Payne Dealership Landscaping		28,435
Arturo's Bar & Grill		3,700
David Lopez		10,000
Texas Rural Aid		2,000
Montalvo Insurance Agency		12,000
Shrimp House		1,293
Valley Grande Institute		700
Jose's Cafecito		10,000
<b>Total Contract Services</b>	<u>173,783</u>	<u>174,637</u>

**CITY OF WESLACO, TEXAS  
ECONOMIC DEVELOPMENT CORPORATION  
OF WESLACO  
COMPARATIVE SCHEDULE OF EXPENDITURES  
FOR THE YEAR ENDED SEPTEMBER 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>Economic Incentives to Area Businesses:</b>		
Tan 'US Sales Company	\$ 302,999	\$ 305,668
Pharmacy Care	50,000	
Weslaco Hills Apts.	485,644	72,500
Pins & Cues		150,000
Sizewise Rentals		35,000
RGV Word	50,000	225,000
Oswalt Holdings, LLC		15,730
Weslaco Professional Plaza		300,000
Mountain Glacier	30,000	6,250
Del Bravo Ice		40,000
Savory Perks		5,000
Ship & More	10,000	
Trinity MEP Engineering	35,000	
American Audio Alarm & Tint		25,500
Gran Café de la Parroquia		34,000
Javier O. De La Garza, DDS	35,000	
DOS Logistics	95,000	
DT Hospitality/dba Weslaco Inn & Suites	35,000	
Derden Restaurants	60,000	
<b>Total Economic Incentives</b>	<u>1,188,643</u>	<u>1,214,648</u>
<b>Capital Outlay</b>		
Administration		2,158
Land & Building		27,250
Federal Inspections Facility (Mid Valley Airport)	326,459	573,712
Custom's Landings Rights	521	44,351
Long-Term Note Receivable (SDI Weslaco Holdings, LLC)		1,298,847
BVEC Building	60,150	
<b>Total Capital Outlay</b>	<u>387,130</u>	<u>1,946,318</u>
<b>Debt Service</b>		
Principal on bonds and notes	3,075,627	571,207
Loan refinancing costs		
Interest on bonds and notes	292,315	320,377
Contingency expense		
Fiscal charges	101,814	647
<b>Total Debt Service</b>	<u>3,469,756</u>	<u>892,231</u>
<b>Total Expenditures</b>	<u>\$ 5,897,617</u>	<u>\$ 4,866,367</u>



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**DEBT SERVICE FUND**  
**GENERAL OBLIGATION BONDS**

This fund is used to account for payment of principal and interest on the general long-term debt of the City. Financing is provided by apportioning a percentage of the property tax levy of the City to meet the general obligation bond requirements.

**CITY OF WESLACO, TEXAS**  
**DEBT SERVICE FUND**  
**COMBINING BALANCE SHEETS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2010)**

	<b>Totals</b>	
	<b>2011</b>	<b>2010</b>
<b>Assets</b>		
Cash	\$ 524,966	\$ 416,434
Investments		
Taxes receivable net of estimated uncollectible taxes	451,167	505,813
Due from other funds	361,961	167,780
<b>Total Assets</b>	<b>\$ 1,338,094</b>	<b>\$ 1,090,027</b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ -
Interest payable		
Deferred revenues-tax	413,907	486,769
<b>Total Liabilities</b>	<b>413,907</b>	<b>486,769</b>
<b>Fund Balances</b>		
Reserved for debt service	924,187	603,258
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,338,094</b>	<b>\$ 1,090,027</b>

**CITY OF WESLACO, TEXAS**  
**DEBT SERVICE FUND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2010)**

	<b>Totals</b>	
	<b>2011</b>	<b>2010</b>
<b>Revenues</b>		
Property taxes	\$ 2,570,931	\$ 2,404,920
Penalty/interest	103,276	97,590
Interest	432	860
Other		
<b>Total Revenues</b>	<u>2,674,639</u>	<u>2,503,370</u>
<b>Expenditures</b>		
Debt service		
Defeased Bonds	3,920,396	
Redemption of serial bonds	1,332,002	1,110,972
Interest on bonds and notes	1,111,016	1,169,745
Fiscal charges	850	3,410
Bond Issuance Costs	54,364	
Bank Service Charges		576
<b>Total Expenditures</b>	<u>6,418,628</u>	<u>2,284,703</u>
<b>Excess (Deficiency) of Revenues Over Expenditure</b>	(3,743,989)	218,667
<b>Other Financing Sources</b>		
Bond Proceeds/Interest	4,064,918	
Transfers In		
	<u>4,064,918</u>	<u>-</u>
<b>Excess of Revenues and Other Sources, Over-Expenditures</b>	320,929	218,667
Fund Balances, October 1,	<u>603,258</u>	<u>384,591</u>
<b>Fund Balances, September 30,</b>	<u>\$ 924,187</u>	<u>\$ 603,258</u>

**CITY OF WESLACO, TEXAS  
DEBT SERVICE FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<b>Interest and Sinking Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Property taxes	\$ 2,454,237	\$ 2,570,931	\$ 116,694
Penalty and Interest	91,000	103,276	12,276
Interest	1,510	432	(1,078)
Other			-
<b>Total Revenues</b>	<u>2,546,747</u>	<u>2,674,639</u>	<u>127,892</u>
<b>Expenditures</b>			
Debt service			
Defeased bonds		3,920,396	(3,920,396)
Redemption of serial bonds	1,303,980	1,332,002	(28,022)
Interest on bonds and notes	1,119,351	1,111,016	8,335
Fiscal charges	10,000	850	9,150
Bond issuance costs		54,364	(54,364)
Bank Service Charges			-
<b>Total Expenditures</b>	<u>2,433,331</u>	<u>6,418,628</u>	<u>(3,985,297)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	113,416	(3,743,989)	(3,857,405)
<b>Other Financing Sources</b>			
Bond proceeds		4,064,918	4,064,918
Transfers in			-
Transfers out			-
	<u>-</u>	<u>4,064,918</u>	<u>4,064,918</u>
<b>Excess of Revenues and Other Sources, Over-Expenditures</b>	<u>\$ 113,416</u>	<u>320,929</u>	<u>\$ 207,513</u>
Fund Balance, October 1,		<u>603,258</u>	
<b>Fund Balance, September 30,</b>		<u>\$ 924,187</u>	

**CAPITAL PROJECTS FUND**

### **CAPITAL PROJECTS FUNDS**

These funds are used to account for revenues and expenditures relating to the acquisition of capital facilities and are principally financed from the sale of bonds and federal or state grants-in-aid.

2003 Certificate of Obligation Construction Fund – accounts for street improvements, public facilities, park improvements, main street beautification, landfill closure costs, and fire and EMS equipment. These projects are financed by the Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2003 for \$14,080,000.

2007 Certificate of Obligation Construction Fund – accounts for street improvements, acquisition of equipment for police department and fire suppression department, renovation of public works building, and improvement to the library facilities. These projects are financed by the Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2007 for \$6,105,000.

CITY OF WESLACO, TEXAS  
CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEETS  
SEPTEMBER 30, 2011  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2010)

	2003 Certificate of Obligation Construction Fund	2007 Certificate of Obligation Construction Fund	Totals	
			2011	2010
<b>Assets</b>				
Cash	\$ 76,244	\$ 530,316	\$ 606,560	\$ 724,173
Investments			-	
Due from other funds			-	
Due from others			-	
<b>Total Assets</b>	<u>\$ 76,244</u>	<u>\$ 530,316</u>	<u>\$ 606,560</u>	<u>\$ 724,173</u>
<b>Liabilities</b>				
Contract payable	\$ -	\$ -	\$ -	\$ 87,647
Retainage payable			-	
Due to others			-	
Due to other funds			-	
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,647</u>
<b>Fund Balances</b>				
Unreserved-designated for capital expenditures	<u>76,244</u>	<u>530,316</u>	<u>606,560</u>	<u>636,526</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 76,244</u>	<u>\$ 530,316</u>	<u>\$ 606,560</u>	<u>\$ 724,173</u>



**CITY FOR WESLACO, TEXAS**  
**CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2010)**

	<b>2003</b>	<b>2007</b>	<b>Totals</b>	
	<b>Certificate</b>	<b>Certificate</b>		
	<b>of Obligation</b>	<b>of Obligation</b>		
	<b>Construction</b>	<b>Construction</b>		
	<b>Fund</b>	<b>Fund</b>	<b>2011</b>	<b>2010</b>
<b>Revenues</b>				
Interest	\$ 554	\$ -	\$ 554	\$ 63,419
Other income	226		226	
<b>Total Revenues</b>	<u>780</u>	<u>-</u>	<u>780</u>	<u>63,419</u>
<b>Expenditures</b>				
Administrative expenditures			-	
Capital outlay				
Street improvements		30,746	30,746	935,171
Park improvements			-	
Mainstreet improvements			-	
Library Improvements			-	
Building improvements			-	153,714
Equipment				
Streets & Highways			-	
Fire Department			-	
Emergency Management			-	
Police Department			-	
Land acquisition			-	
Cemetery improvements			-	
<b>Total Expenditures</b>	<u>-</u>	<u>30,746</u>	<u>30,746</u>	<u>1,088,885</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<u>780</u>	<u>(30,746)</u>	<u>(29,966)</u>	<u>(1,025,466)</u>
<b>Other financing sources (uses)</b>				
Bond Management Fees			-	
Transfers in			-	
Transfers out			-	
<b>Total Other Financing</b>				
<b>sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of Revenues</b>				
<b>and Other Sources Over</b>				
<b>Expenditures and Other Uses</b>	780	(30,746)	(29,966)	(1,025,466)
<b>Fund Balances, October 1,</b>	<u>75,464</u>	<u>561,062</u>	<u>636,526</u>	<u>1,661,992</u>
<b>Fund Balances, September 30,</b>	<u>\$ 76,244</u>	<u>\$ 530,316</u>	<u>\$ 606,560</u>	<u>\$ 636,526</u>

**CITY OF WESLACO, TEXAS**  
**2003 CERTIFICATE OF OBLIGATION CONSTRUCTION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Interest	\$ -	\$ 554	\$ 554
Intergovernmental revenues			-
Miscellaneous revenue		226	226
<b>Total Revenue</b>	<u>-</u>	<u>780</u>	<u>780</u>
<b>Expenditures</b>			
Administration expenditures			
Capital outlay			
Street Improvements			
TxDot Advance Funding Agreement			-
Park Improvements			-
Mainstreet Beautification			-
Cemetery Expansion			-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>-</u>	<u>780</u>	<u>780</u>
<b>Other financing sources (uses)</b>			
Bond Management Fees			-
Transfers in			-
Transfers out			-
<b>Total Other Financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>\$ -</u>	<u>780</u>	<u>\$ 780</u>
<b>Fund Balances, October 1</b>		<u>75,464</u>	
<b>Fund Balances, September 30</b>		<u>\$ 76,244</u>	

**CITY OF WESLACO, TEXAS**  
**2007 CERTIFICATE OF OBLIGATION CONSTRUCTION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Interest	\$ -	\$ -	\$ -
Intergovernmental revenues			-
Miscellaneous revenue			-
<b>Total Revenue</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>			
Administration expenditures			
Capital outlay			
Generator-fire station #2			-
Ambulance - Type I			
Rescue truck-pumper			-
Carpeting-library media center			-
Street improvements			
TxDot Advance Funding Agreement			-
Border st. (18th to 34th)			-
Frost proof drive			-
Westgate Drive		30,746	(30,746)
Renovation-public works bldg			-
Reserved			-
<b>Total Expenditures</b>	<u>-</u>	<u>30,746</u>	<u>(30,746)</u>
<b>Excess (Deficiency) of Revenues</b>			
<b>Over Expenditures</b>	<u>-</u>	<u>(30,746)</u>	<u>(30,746)</u>
<b>Other financing sources (uses)</b>			
Bond Management Fees			-
Transfers in			-
Transfers out			-
<b>Total Other Financing</b>			
<b>sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues</b>			
<b>Over Expenditures</b>	<u>\$ -</u>	<u>(30,746)</u>	<u>\$ (30,746)</u>
<b>Fund Balances, October 1</b>		<u>561,062</u>	
<b>Fund Balances, September 30</b>		<u>\$ 530,316</u>	

## **ENTERPRISE FUNDS**

Enterprise Funds are established to account for operations which are self-supporting through user charges to the general public. The City of Weslaco operates the water and sewer utility plants and the municipal airport on this basis.

Water and Sewer Fund- accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration (utility director, operations, maintenance, financing and related debt service, and billing and collection).

Airport Fund-accounts for the provision of airport facilities to area residents. All activities necessary to provide such services are accounted for in this fund. The fund is financed primarily by hangar rentals and tie-downs fees.

Sanitation Fund - accounts for the provision of sanitation services to the residents of the City. All activities necessary to provide such services are accounted for in this fund. Prior to 1994 sanitation services were accounted in the City of Weslaco General Fund.

**CITY OF WESLACO, TEXAS  
ENTERPRISE FUND  
COMBINING BALANCE SHEETS  
SEPTEMBER 30, 2011  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2010)**

<b>Assets</b>	<b>Water and Sewer Fund</b>	<b>Sanitation Fund</b>	<b>Airport Fund</b>
<b>Current Assets</b>			
Cash	\$ 1,213,140	\$ 723,061	\$ -
Investments	-		
Receivables			
Customers (net of allowance)	1,508,005	563,691	14,280
Inventory	93,824		53,273
Prepaid Expenses			
Due from other funds	119,603	212,175	
Due from other governments	221,481		149
Due from others		-	
<b>Total Current Assets</b>	<u>3,156,053</u>	<u>1,498,927</u>	<u>67,702</u>
<b>Restricted Assets</b>			
Cash Escrow (TXDOT)			-
Construction account			
Cash in bank			
Investments	-		
Due from other funds			
Revenue bond debt service account	25,906		
Revenue bond reserve account	469,687		
Revenue bond construction account	388,490		
Capital fee for construction	<u>1,700,358</u>		
<b>Total Restricted Assets</b>	<u>2,584,441</u>	<u>-</u>	<u>-</u>
<b>Property, Plant, and Equipment</b>			
Water and sewer plant	69,107,455		
Sanitation fixed assets		3,045,447	
Airport fixed assets			<u>7,372,636</u>
<b>Total</b>	<u>69,107,455</u>	<u>3,045,447</u>	<u>7,372,636</u>
Less: Allowances for depreciation	<u>(23,029,504)</u>	<u>(2,229,422)</u>	<u>(3,192,431)</u>
<b>Net Property, Plant, and Equipment</b>	<u>46,077,951</u>	<u>816,025</u>	<u>4,180,205</u>
<b>Total Assets</b>	<u><u>\$ 51,818,445</u></u>	<u><u>\$ 2,314,952</u></u>	<u><u>\$ 4,247,907</u></u>

<b>Totals</b>	
<b>2011</b>	<b>2010</b>
\$ 1,936,201	\$ 2,381,313
-	
-	
2,085,976	1,823,821
147,097	137,079
-	-
331,778	806,354
221,630	122,803
-	
4,722,682	5,271,370
-	
-	
-	
25,906	12,703
469,687	469,687
388,490	4,020,855
1,700,358	1,549,922
2,584,441	6,053,167
	-
69,107,455	65,159,126
3,045,447	3,045,447
7,372,636	7,318,298
79,525,538	75,522,871
(28,451,357)	(26,774,581)
51,074,181	48,748,290
\$ 58,381,304	\$ 60,072,827

CITY OF WESLACO, TEXAS  
ENTERPRISE FUND-COMBINING BALANCE SHEET  
SEPTEMBER 30, 2011  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2010)

	Water and Sewer Fund	Sanitation Fund	Airport Fund
<b>Liabilities and Equity</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 341,425	\$ 380,999	\$ 7,250
Bank overdraft			36,406
Accrued salaries and payroll taxes		-	
Compensated absences	117,346	-	91,612
Volunteer separation payable	-	-	-
Due to other funds	926,819	171,552	-
Customer deposits	819,431		2,634
Other liabilities	133,063		
<b>Total Current Liabilities</b>	<u>2,338,084</u>	<u>552,551</u>	<u>137,902</u>
<b>Current Liabilities</b>			
<b>Payable from Restricted Assets</b>			
Construction contracts and retainage	513,692		
Accrued interest on bonds	176,932		
Revenue bonds payable-current	940,492		
<b>Total Current Liabilities Payable from</b>			
<b>Restricted Assets</b>	<u>1,631,116</u>	<u>-</u>	<u>-</u>
<b>Other Liabilities</b>			
Revenue bonds payable (net of current and unamortized issuance costs)	23,974,977	167,902	
Landfill closure and post-closure costs		786,238	
<b>Total Other Liabilities</b>	<u>23,974,977</u>	<u>954,140</u>	<u>-</u>
<b>Total Liabilities</b>	<u>27,944,177</u>	<u>1,506,691</u>	<u>137,902</u>
<b>Equity</b>			
<b>Contributed Capital</b>			
Contributed capital donation	11,000		
Contribution from City	2,926,974	3,715,956	1,398,150
Contributions in Aid of Construction	707,629		
Contributions from State Grants	3,954,105		1,617,395
Contributions from Revenue Sharing Fund			175,130
Contributions from Federal Grants	5,114,658	8,187	3,391,137
<b>Total Contributed Capital</b>	<u>12,714,366</u>	<u>3,724,143</u>	<u>6,581,812</u>
<b>Retained Earnings</b>			
Reserve for bond debt service	469,687		
Unreserved (Deficit)	10,690,215	(2,915,882)	(2,471,807)
<b>Total Retained Earnings</b>	<u>11,159,902</u>	<u>(2,915,882)</u>	<u>(2,471,807)</u>
<b>Total Equity</b>	<u>23,874,268</u>	<u>808,261</u>	<u>4,110,005</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 51,818,445</u>	<u>\$ 2,314,952</u>	<u>\$ 4,247,907</u>

<b>Totals</b>	
<b>2011</b>	<b>2010</b>
\$ 729,674	\$ 668,724
36,406	3,038
-	14,516
208,958	257,959
-	62,158
1,098,371	1,572,948
822,065	772,838
133,063	90,192
<u>3,028,537</u>	<u>3,442,373</u>
513,692	1,177,653
176,932	185,935
<u>940,492</u>	<u>1,154,004</u>
<u>1,631,116</u>	<u>2,517,592</u>
24,142,879	25,072,165
786,238	890,348
<u>24,929,117</u>	<u>25,962,513</u>
<u>29,588,770</u>	<u>31,922,478</u>
11,000	11,000
8,041,080	8,041,080
707,629	707,629
5,571,500	5,571,500
175,130	175,130
8,513,982	8,513,982
<u>23,020,321</u>	<u>23,020,321</u>
469,687	469,687
5,302,526	4,660,341
<u>5,772,213</u>	<u>5,130,028</u>
<u>28,792,534</u>	<u>28,150,349</u>
<u>\$ 58,381,304</u>	<u>\$ 60,072,827</u>



CITY OF WESLACO, TEXAS ENTERPRISE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2010)			
	Water and Sewer Fund	Sanitation Fund	Airport Fund
<b>Operating Revenues</b>			
Water sales	\$ 4,728,977	\$ -	\$ -
Sewer charges	3,772,857		
Sanitation charges		4,058,601	
Fuel sales			60,233
Hangar rental fees			47,332
Intergovernmental Revenues	-		-
Other Operating Revenues	287,920	68,414	3,696
<b>Total Operating Revenues</b>	<u>8,789,754</u>	<u>4,127,015</u>	<u>111,261</u>
<b>Operating Expenses Before Depreciation</b>			
Personal services	1,183,183	31,601	205,553
Other services and charges	1,149,868	249,395	106,425
Supplies	355,096	91	19,428
Contractual services	3,406,838	3,692,192	-
<b>Total Operating Expenses</b>	<u>6,094,985</u>	<u>3,973,279</u>	<u>331,406</u>
<b>Operating Income Before Depreciation</b>	2,694,769	153,736	(220,145)
Depreciation	(1,378,793)	(96,700)	(201,283)
<b>Operating Income (Loss)</b>	<u>1,315,976</u>	<u>57,036</u>	<u>(421,428)</u>
<b>Non-operating Revenues (Expenses)</b>			
Interest earned	109	-	-
Unrealized gain on investments	-		
Administrative fees	-		
Sewer backup issues	-		
Bond interest and fiscal charges	(1,274,234)	(10,597)	
Capital improvement fee	621,306		
Capital grants	107,090		46,927
Loss on sale of asset	-		
<b>Total Non-operating Revenues (Expenses)</b>	<u>(545,729)</u>	<u>(10,597)</u>	<u>46,927</u>
<b>Income (Loss) Before Operating Transfers and Extraordinary Items</b>	770,247	46,439	(374,501)
<b>Operating Transfers and Extrordinary Items</b>			
Operating Transfers In	-	-	200,000
Operating Transfers (Out)	-	-	-
Volunteer Separation Expense	-	-	-
<b>Total Net Operating Transfers</b>	<u>-</u>	<u>-</u>	<u>200,000</u>
<b>Net Income (Loss)</b>	770,247	46,439	(174,501)
<b>Retained Earnings, October 1,</b>	<u>10,389,655</u>	<u>(2,962,321)</u>	<u>(2,297,306)</u>
<b>Retained Earnings, September 30,</b>	<u>\$ 11,159,902</u>	<u>\$ (2,915,882)</u>	<u>\$ (2,471,807)</u>

<b>Totals</b>	
<b>2011</b>	<b>2010</b>
\$ 4,728,977	\$ 4,132,623
3,772,857	3,434,957
4,058,601	4,123,467
60,233	135,875
47,332	43,531
-	
360,030	377,680
13,028,030	12,248,133
1,420,337	2,030,760
1,505,688	1,961,266
374,615	489,900
7,099,030	5,227,970
10,399,670	9,709,896
2,628,360	2,538,237
(1,676,776)	(1,715,440)
951,584	822,797
109	618,350
-	
-	246,737
-	
(1,284,831)	(1,311,105)
621,306	626,884
154,017	88,973
-	
(509,399)	269,839
442,185	1,092,636
200,000	4,339
-	(164,040)
-	(62,158)
200,000	(221,859)
642,185	870,777
5,130,028	4,259,251
\$ 5,772,213	\$ 5,130,028

**CITY OF WESLACO, TEXAS**  
**ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2010)**

	<b>Water and Sewer Fund</b>	<b>Sanitation Fund</b>	<b>Airport Fund</b>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 8,537,164	\$ 4,121,041	\$ 345,527
Cash received from others	49,227	-	-
Cash received from operating grants	-	-	-
Cash received from other funds for services	474,577		
Cash payments to suppliers for goods and services	(4,874,414)	(3,936,800)	(374,230)
Cash payments to employees for services	(1,212,312)	(74,288)	(197,254)
Cash payments to other funds for services	-	(474,577)	-
Net cash provided (used) by operating activities	<u>2,974,242</u>	<u>(364,624)</u>	<u>(225,957)</u>
<b>Cash flows from non-capital financing activities</b>			
Capital Grants			-
Transfers from other funds	-	-	200,000
Transfers to other funds	-	-	-
Volunteer separation plan	-		
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>-</u>	<u>200,000</u>
<b>Cash flows from capital and related financing activities</b>			
Acquisition and construction of capital assets	(4,612,291)	-	(7,411)
Casualty loss			
Proceeds from sales of capital assets			-
Retirement of accounts payable			-
Capital improvements/administrative fees	621,306		
Interest paid on bonds	(1,283,237)	(7,800)	
Retirement of bonds	(4,997,677)	(50,000)	
Bond Proceeds (net)	3,902,082		
Landfill closure costs		(104,110)	
Sewer Backup Issues	-		
Contributed capital -Urban County	<u>8,162</u>		
Net cash provided (used) from capital and related financing activities	<u>(6,361,655)</u>	<u>(161,910)</u>	<u>(7,411)</u>
<b>Cash flow from investing activities:</b>			
Interest on cash and investments	109	-	-
Unrealized loss on investments	-		
Net increase (decrease) in cash and cash investments	<u>(3,387,304)</u>	<u>(526,534)</u>	<u>(33,368)</u>
Cash and cash investments, October 1	<u>7,184,885</u>	<u>1,249,595</u>	<u>(3,038)</u>
Cash and cash investments, September 30	<u>\$ 3,797,581</u>	<u>\$ 723,061</u>	<u>\$ (36,406)</u>

<b>Totals</b>	
<b>2011</b>	<b>2010</b>
\$ 13,003,732	\$ 12,000,101
49,227	11,283
-	59,801
474,577	517,956
(9,185,444)	(7,455,799)
(1,483,854)	(2,071,788)
(474,577)	(288,778)
<u>2,383,661</u>	<u>2,772,776</u>
-	8,098
200,000	4,339
-	(164,040)
<u>200,000</u>	<u>(151,603)</u>
(4,619,702)	(11,562,799)
-	
-	
-	
621,306	873,621
(1,291,037)	(1,325,609)
(5,047,677)	(974,843)
3,902,082	
(104,110)	(36,774)
<u>8,162</u>	<u>80,875</u>
<u>(6,530,976)</u>	<u>(12,945,529)</u>
109	618,350
-	
-	
(3,947,206)	(9,706,006)
<u>8,431,442</u>	<u>18,137,448</u>
<u>\$ 4,484,236</u>	<u>\$ 8,431,442</u>

**CITY OF WESLACO, TEXAS**  
**ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2010)**

	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Airport Fund</u>
<b>Reconciliation of Income (Losses) from operations to net cash provided (used) by operating activities:</b>			
Income (Loss) from operations:	\$ 1,315,976	\$ 57,036	\$ (421,428)
Adjustments to reconcile Income (Loss) from operations to net cash provided (used) by operating activities:			
Depreciation	1,378,793	96,700	201,283
Change in Assets and Liabilities			
(Increase) Decrease in Accounts Receivables	(252,590)	(5,974)	(3,591)
(Increase) Decrease in Due from Other Funds	474,577	-	-
(Increase) Decrease in Due from Others	-	-	101
(Increase) Decrease in Inventories	-	-	(10,018)
Increase (Decrease) in Accounts Payable	56,675	4,878	(603)
Increase (Decrease) in Due to Other Funds	-	(474,577)	-
Increase (Decrease) in Deposits	49,227	-	-
Increase (Decrease) in other Liabilities	(19,287)	(14,516)	-
Increase (Decrease) in Compensated Absences	(29,129)	(28,171)	8,299
<b>Net cash provided (used) by operating activities</b>	<u><u>\$ 2,974,242</u></u>	<u><u>\$ (364,624)</u></u>	<u><u>\$ (225,957)</u></u>

**Reconciliation of Total Cash and Cash Investments**

Current Cash - Cash And Cash Investments	\$ 1,213,140	\$ 723,061	\$ -
Restricted Assets - Cash And Cash Investments	2,584,441	-	-
Current Liabilities - Bank Overdraft	-	-	(36,406)
<b>Total Cash and Cash Investments</b>	<u><u>\$ 3,797,581</u></u>	<u><u>\$ 723,061</u></u>	<u><u>\$ (36,406)</u></u>

<u>Totals</u>	
<u>2011</u>	<u>2010</u>
\$ 951,584	\$ 822,797
1,676,776	1,715,440
(262,155)	(465,335)
474,577	(337,641)
101	(164)
(10,018)	(18,690)
60,950	183,668
(474,577)	907,547
49,227	11,283
(33,803)	16,104
(49,001)	(62,233)
<u>\$ 2,383,661</u>	<u>\$ 2,772,776</u>
\$ 1,936,201	\$ 2,381,313
2,584,441	6,053,167
(36,406)	(3,038)
<u>\$ 4,484,236</u>	<u>\$ 8,431,442</u>

**WATER AND SEWER FUND**

**CITY OF WESLACO, TEXAS  
WATER AND SEWER FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2011 AND 2010**

Assets	<u>2011</u>	<u>2010</u>
<b>Current Assets</b>		
Cash	\$ 1,213,140	\$ 1,131,718
Investments		
Accounts receivable (net of allowance)	1,508,005	1,255,415
Inventory	93,824	93,824
Due from other funds	119,603	594,179
Due from others	221,481	122,553
<b>Total Current Assets</b>	<u>3,156,053</u>	<u>3,197,689</u>
<b>Restricted Assets</b>		
Revenue bond debt service	25,906	12,703
Revenue bond reserve		
Cash	469,687	469,687
Investments:		
Revenue bond construction	388,490	4,020,855
Capital Fee for Construction	1,700,358	1,549,922
<b>Total Restricted Assets</b>	<u>2,584,441</u>	<u>6,053,167</u>
<b>Property, Plant, and Equipment</b>		
Water Plant in service	16,555,801	16,384,477
Sewer Plant in service	<u>28,621,782</u>	<u>28,621,782</u>
Total Plant in Service	45,177,583	45,006,259
Construction-in-Progress	<u>23,929,872</u>	<u>20,152,867</u>
Total Property, Plant and Equipment	69,107,455	65,159,126
Less: Accumulated depreciation	<u>(23,029,504)</u>	<u>(21,650,711)</u>
<b>Total Net Property, Plant, and Equipment</b>	<u>46,077,951</u>	<u>43,508,415</u>
<b>Total Assets</b>	<u>\$ 51,818,445</u>	<u>\$ 52,759,271</u>



**CITY OF WESLACO, TEXAS  
WATER AND SEWER FUNDS  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2011 AND 2010**

<b>Liabilities and Equity</b>	<b>2011</b>	<b>2010</b>
<b>Current Liabilities</b>		
Payable from current assets		
Accounts payable	\$ 341,425	\$ 284,750
Accrued salaries and payroll taxes		
Compensated absences	117,346	146,475
Volunteer separation payable		62,158
Due to other funds	926,819	926,819
Customer deposits	819,431	770,204
Other liabilities	133,063	90,192
<b>Total Current Liabilities</b>	<u>2,338,084</u>	<u>2,280,598</u>
<b>Payable from Restricted Assets</b>		
Construction contracts and retainage	513,692	1,177,653
Accrued interest on bonds	176,932	185,935
Revenue bonds payable-current	940,492	1,154,004
<b>Total Payable from Restricted Assets</b>	<u>1,631,116</u>	<u>2,517,592</u>
<b>Other Liabilities</b>		
Revenue bonds payable (net of current and unamortized issuance costs)	<u>23,974,977</u>	<u>24,857,060</u>
<b>Total Liabilities</b>	<u>27,944,177</u>	<u>29,655,250</u>
<b>Equity</b>		
<b>Contributed Capital</b>		
Contributions from Individuals	11,000	11,000
Contributions from City	2,926,974	2,926,974
Contributions in Aid of Construction	707,629	707,629
Contributions from State Grants	3,954,105	3,954,105
Contributions from Federal Grants	5,114,658	5,114,658
<b>Total Contributed Capital</b>	<u>12,714,366</u>	<u>12,714,366</u>
<b>Retained Earnings</b>		
Reserve for bond debt service	469,687	469,687
Unreserved	10,690,215	9,919,968
<b>Total Retained Earnings</b>	<u>11,159,902</u>	<u>10,389,655</u>
<b>Total Equity</b>	<u>23,874,268</u>	<u>23,104,021</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 51,818,445</u>	<u>\$ 52,759,271</u>

**CITY OF WESLACO, TEXAS  
WATER AND SEWER FUNDS  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>Operating Revenues</b>		
Water sales	\$ 4,728,977	\$ 4,132,623
Sewer charges	3,772,857	3,434,957
Other Operating Revenues:		
Tap fees	44,320	39,826
Penalties	164,221	151,917
Intergovernmental Revenues		
Contributions		
Miscellaneous	79,379	87,044
<b>Total Operating Revenues</b>	<u>8,789,754</u>	<u>7,846,367</u>
<b>Operating Expenses Before Depreciation</b>		
Personal services	1,183,183	1,209,215
Other services and charges	1,149,868	1,113,135
Supplies	355,096	339,157
Contractual services-operations	2,427,547	2,308,907
Contractual services-administrative	979,291	1,020,390
<b>Total Operating Expenses</b>	<u>6,094,985</u>	<u>5,990,804</u>
<b>Operating Income Before Depreciation</b>	2,694,769	1,855,563
Depreciation	<u>(1,378,793)</u>	<u>(1,394,506)</u>
<b>Operating Income (Loss)</b>	<u>1,315,976</u>	<u>461,057</u>
<b>Non-operating Revenues (Expenses)</b>		
Interest earned	109	618,299
Unrealized gain on investments		
Administrative fees		246,737
Sewer backup issues		
Bond interest and fiscal charges	(1,274,234)	(1,301,303)
Capital Improvement fee	621,306	626,884
Capital Grants	107,090	80,875
Loss on Sale of Asset		
<b>Total Non-operating Revenues (Expenses)</b>	<u>(545,729)</u>	<u>271,492</u>
<b>Income (Loss) Before Operating Transfers and Extraordinary Items</b>	770,247	732,549
<b>Operating Transfers and Extraordinary Items</b>		
Operating Transfers In		
Operating Transfers (Out)		(78,402)
Volunteer Separation Expense		(62,158)
<b>Total Net Operating Transfers</b>	<u>-</u>	<u>(140,560)</u>
<b>Net Income (Loss)</b>	770,247	591,989
<b>Retained Earnings, October 1</b>	<u>10,389,655</u>	<u>9,797,666</u>
<b>Retained Earnings, September 30,</b>	<u><u>\$ 11,159,902</u></u>	<u><u>\$ 10,389,655</u></u>

**CITY OF WESLACO, TEXAS  
WATER AND SEWER FUND  
COMPARATIVE STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 8,537,164	\$ 7,532,692
Cash received from others	49,227	11,283
Cash received from operating grants		
Cash received from other funds for services	474,577	517,956
Cash payments to suppliers for good and services	(4,874,414)	(4,739,353)
Cash payments to employees for services	(1,212,312)	(1,232,762)
Cash payments to other funds for services		(288,778)
<b>Net cash provided (used) by operating activities</b>	<u>2,974,242</u>	<u>1,801,038</u>
<b>Cash flow from non-capital financing activities</b>		
Transfers from other funds		
Transfers to other funds		(78,402)
<b>Net cash provided (used) by non-capital financing activities</b>	<u>-</u>	<u>(78,402)</u>
<b>Cash flows from capital and related financing activities</b>		
Acquisition and construction of capital assets:	(4,612,291)	(11,444,744)
Capital improvements/administrative fees	621,306	873,621
Interest paid on bonds	(1,283,237)	(1,315,807)
Bond proceeds	3,902,082	
Retirement of bonds	(4,997,677)	(924,843)
Sewer Backup Issues		
Contributed capital - Urban County	8,162	80,875
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(6,361,655)</u>	<u>(12,730,898)</u>
<b>Cash flow from investing activities:</b>		
Interest on cash and investments	109	618,299
Unrealized loss on investments		
<b>Net (decrease) in cash and cash investments</b>	(3,387,304)	(10,389,963)
Cash and cash investments, October 1	<u>7,184,885</u>	<u>17,574,848</u>
<b>Cash and cash investments, September 30</b>	<u><u>\$ 3,797,581</u></u>	<u><u>\$ 7,184,885</u></u>

\* Note: Cash includes cash, investments, restricted cash and its investments.

**CITY OF WESLACO, TEXAS  
WATER AND SEWER FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>2011</u>	<u>2010</u>
<b>Reconciliation of Income (Losses) from operations to net cash provided (used) by operating activities:</b>		
Income (Loss) from operations:	\$ 1,315,976	\$ 461,057
Adjustments to reconcile Income (Loss) from operations to net cash provided (used) by operating activities:		
Depreciation	1,378,793	1,394,506
Change in Assets and Liabilities		
(Increase) Decrease in Accounts Receivables	(252,590)	(362,536)
(Increase) Decrease in Due from Other Funds	474,577	(288,778)
(Increase) Decrease in Due from Others	-	
(Increase) Decrease in Inventories	-	
Increase (Decrease) in Accounts Payable	56,675	40,648
Increase (Decrease) in Due to Other Funds		566,819
Increase (Decrease) in Deposits	49,227	11,283
Increase (Decrease) in other Liabilities	(19,287)	1,588
Increase (Decrease) in Compensated Absences	(29,129)	(23,549)
<b>Net cash provided (used) by operating activities</b>	<u><u>\$ 2,974,242</u></u>	<u><u>\$ 1,801,038</u></u>
 <b>Reconciliation of Total Cash and Cash Investments</b>		
Current Cash - Cash And Cash Investments	\$ 1,213,140	\$ 1,131,718
Restricted Assets - Cash And Cash Investments	2,584,441	6,053,167
<b>Total Cash and Cash Investments</b>	<u><u>\$ 3,797,581</u></u>	<u><u>\$ 7,184,885</u></u>

\* Note: Cash includes cash, investments, restricted cash and its investments.

**CITY OF WESLACO, TEXAS  
WATER AND SEWER FUND  
SCHEDULE OF CHANGES IN RESTRICTED ASSETS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<b>Revenue Bond Debt Service</b>	<b>Revenue Bond Reserve</b>	<b>Revenue Bond Construction</b>	<b>Capital Fee- Construction</b>	<b>Totals</b>
<b>Asset Balances,</b>					
October 1, 2010	\$ 12,703	\$ 469,687	\$ 4,020,855	\$ 1,549,922	\$ 6,053,167
Cash Receipts:					-
Bond proceeds	3,902,082				3,902,082
Transfers in	2,363,872				2,363,872
Capital Fee				621,306	621,306
Interest earned	109				109
Unrealized loss					-
<b>Total Revenues</b>					
<b>Available</b>	<u>6,278,766</u>	<u>469,687</u>	<u>4,020,855</u>	<u>2,171,228</u>	<u>12,940,536</u>
<b>Cash Disbursements:</b>					
Construction contracts			3,632,365		3,632,365
Operating Costs					-
Transfer out				470,870	470,870
Bond issuance costs					-
Principal payments	5,012,602				5,012,602
Interest payments	1,239,688				1,239,688
Fiscal agent's fees	570				570
Rebatable liability					-
<b>Total Disbursements</b>	<u>6,252,860</u>	<u>-</u>	<u>3,632,365</u>	<u>470,870</u>	<u>10,356,095</u>
<b>Asset Balances</b>					
<b>September 30, 2011</b>	<u>\$ 25,906</u>	<u>\$ 469,687</u>	<u>\$ 388,490</u>	<u>\$ 1,700,358</u>	<u>\$ 2,584,441</u>

**CITY OF WESLACO, TEXAS  
WATER AND SEWER OPERATIONS  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES  
TO INDICATE NET REVENUE AVAILABLE FOR DEBT SERVICE  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>2011</u>	<u>2010</u>
<b>Operating Revenues</b>		
Water sales	\$ 4,728,977	\$ 4,132,623
Sewer charges	3,772,857	3,434,957
Other revenues	<u>287,920</u>	<u>278,787</u>
<b>Total Operating Revenues</b>	<u>8,789,754</u>	<u>7,846,367</u>
<b>Operating Expenses</b>		
Personal services	1,183,183	1,209,215
Other services and charges	1,149,868	1,113,135
Supplies	355,096	339,157
Contractual services	<u>3,406,838</u>	<u>3,329,297</u>
<b>Total Operating Expenses</b>	<u>6,094,985</u>	<u>5,990,804</u>
<b>Income Before Non-operating Revenues (Expenses)</b>	<u>2,694,769</u>	<u>1,855,563</u>
<b>Non-operating Revenues (Expenses)</b>		
Capital Improvement Fee	621,306	626,884
Interest earned	109	618,299
Unrealized gain on investments	<u>-</u>	<u>-</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<u>621,415</u>	<u>1,245,183</u>
<b>Net Revenue Available For Debt Service</b>	<u>\$ 3,316,184</u>	<u>\$ 3,100,746</u>

**CITY OF WESLACO, TEXAS**  
**WATER OPERATIONS**  
**SCHEDULE OF FIXED ASSETS AND ALLOWANCE FOR DEPRECIATION**  
**SEPTEMBER 30, 2011**

	<b>Fixed Assets</b>			
	<b>Balance</b>	<b>Current</b>		<b>Balance</b>
	<b>10/1/2010</b>	<b>Additions</b>	<b>Retirements</b>	<b>9/30/2011</b>
<b>Water System and Equipment</b>				
Land	\$ 163,584	\$ -	\$ -	\$ 163,584
Buildings	236,047			236,047
Improvements than buildings	12,533,905			12,533,905
Equipment	3,450,941	171,324		3,622,265
<b>Total Water System and Equipment</b>	<u>16,384,477</u>	<u>171,324</u>	<u>-</u>	<u>16,555,801</u>
Construction-in-progress	<u>2,761,662</u>	<u>1,496,420</u>		<u>4,258,082</u>
<b>Total Utility Plant-in- Service</b>	<u>\$ 19,146,139</u>	<u>\$ 1,667,744</u>	<u>\$ -</u>	<u>\$ 20,813,883</u>

Depreciation Rate	Allowance for Depreciation				Net Book Value
	Balance 10/1/2010	Current Depreciation	Retirements	Balance 9/30/2011	
2 1/2-5%	\$ - 142,471	\$ - 8,295	\$ -	\$ 150,766	\$ 163,584 85,281
2 1/2-20%	6,713,885	324,951		7,038,836	5,495,069
2 1/2-20%	2,711,493	130,854		2,842,347	779,918
	9,567,849	464,100	-	10,031,949	6,523,852
	-	-	-	-	4,258,082
	<u>\$ 9,567,849</u>	<u>\$ 464,100</u>	<u>\$ -</u>	<u>\$ 10,031,949</u>	<u>\$ 10,781,934</u>



**CITY OF WESLACO, TEXAS  
SEWER OPERATIONS  
SCHEDULE OF FIXED ASSETS AND ALLOWANCE FOR DEPRECIATION  
SEPTEMBER 30, 2011**

	Fixed Assets			
		Current		
Sewer Plant Systems and Equipment	Balance 10/1/2010	Additions Adjustment	Retirements Adjustment	Balance 9/30/2011
Land	\$ 501,591		\$ -	\$ 501,591
Buildings	126,276	-	-	126,276
Improvements other than buildings	26,708,969		-	26,708,969
Equipment	1,284,946	-	-	1,284,946
<b>Total Sewer Plant Systems and Equipment</b>	<b>28,621,782</b>	<b>-</b>	<b>-</b>	<b>28,621,782</b>
Construction-in-progress	17,391,205	2,280,585	-	19,671,790
<b>Total Sewer Plant-in- Service</b>	<b>46,012,987</b>	<b>2,280,585</b>	<b>-</b>	<b>48,293,572</b>
Total Water Plant-In-Service	19,146,139	1,667,744	-	20,813,883
<b>Total Water and Sewer Plant-In-Service</b>	<b>\$ 65,159,126</b>	<b>\$ 3,948,329</b>	<b>\$ -</b>	<b>\$ 69,107,455</b>

<b>Allowance for Depreciation</b>					
<b>Depreciation Rate</b>	<b>Balance 10/1/2010</b>	<b>Current</b>		<b>Balance 9/30/2011</b>	<b>Net Book Value</b>
		<b>Depreciation</b>	<b>Retirements</b>		
	\$ 29,834	\$ - 10,117	\$ - -	\$ - 39,951	\$ 501,591 86,325
2 1/2-4%	10,862,575	878,400		11,740,975	14,967,994
2 1/2-20%	1,190,453	26,176		1,216,629	68,317
	12,082,862	914,693	-	12,997,555	15,624,227
					19,671,790
	12,082,862	914,693	-	12,997,555	35,296,017
	9,567,849	464,100	-	10,031,949	10,781,934
	<u>\$ 21,650,711</u>	<u>\$ 1,378,793</u>	<u>\$ -</u>	<u>\$ 23,029,504</u>	<u>\$ 46,077,951</u>

**CITY OF WESLACO, TEXAS**  
**COMPARATIVE STATEMENTS OF REVENUES AND EXPENSES**  
**FROM WATER OPERATIONS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>Operating Revenues</b>		
Water sales	\$ 4,728,977	\$ 4,132,623
Intergovernmental Revenues	8,162	-
Other Operating Revenues		
Tap fees	44,320	39,826
Penalties	86,325	79,330
Miscellaneous	79,379	72,761
<b>Total Operating Revenues</b>	<u>4,947,163</u>	<u>4,324,540</u>
<b>Operating Expenses Before Depreciation</b>		
Personal services	956,520	954,874
Other services and charges	583,380	541,860
Supplies	345,732	329,758
Contractual services-water operations	1,330,372	1,247,478
Contractual services-administrative services	650,000	600,000
<b>Total Operating Expenses</b>	<u>3,866,004</u>	<u>3,673,970</u>
<b>Operating Income Before Depreciation</b>	1,081,159	650,570
Depreciation	<u>(464,100)</u>	<u>(463,307)</u>
<b>Operating Income (Loss)</b>	<u>617,059</u>	<u>187,263</u>
<b>Non-operating Revenue (Expenses)</b>		
Interest earned	33	185,526
Unrealized gain on investments		
Administrative fees		246,737
Rebatable arbitrage		-
Capital Grants	98,928	34,917
Bond interest and fiscal charges	<u>(382,270)</u>	<u>(390,391)</u>
<b>Total Non-operating Revenues (Expenses)</b>	<u>(283,309)</u>	<u>76,789</u>
<b>Income(Loss) Before Operating Transfers and Extraordinary Items</b>	333,750	264,052
Operating Transfers In		-
Operating Transfers Out		
Volunteer Separation Expense		<u>(35,653)</u>
<b>Total Net Operating Transfers and Extraordinary Items</b>	<u>-</u>	<u>(35,653)</u>
<b>Net Income (Loss)</b>	<u>\$ 333,750</u>	<u>\$ 228,399</u>

**CITY OF WESLACO, TEXAS**  
**COMPARATIVE STATEMENTS OF REVENUES AND EXPENSES**  
**FROM SEWER OPERATIONS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>Operating Revenues</b>		
Sewer charges	\$ 3,772,857	\$ 3,434,957
Intergovernmental Revenue	-	
Other Operating Revenues		
Penalties	77,896	72,587
Miscellaneous		14,283
<b>Total Operating Revenues</b>	<u>3,850,753</u>	<u>3,521,827</u>
<b>Operating Expenses Before Depreciation</b>		
Personal services	226,663	254,341
Other services and charges	566,488	571,275
Supplies	9,364	9,399
Contractual services-sewer operations	1,097,175	1,061,429
Contractual services-administrative services	329,291	420,390
<b>Total Operating Expenses</b>	<u>2,228,981</u>	<u>2,316,834</u>
<b>Operating Income Before Depreciation</b>	1,621,772	1,204,993
Depreciation	<u>(914,693)</u>	<u>(931,199)</u>
<b>Operating Income (Loss)</b>	<u>707,079</u>	<u>273,794</u>
<b>Non-operating Revenues (Expenses)</b>		
Capital Improvement Fee	621,306	626,884
Interest earned	76	432,773
Sewer backup issues		
Loss on Sale of Asset		
Capital Grants		45,958
Bond interest and fiscal charges	<u>(891,964)</u>	<u>(910,912)</u>
<b>Total Non-operating Revenues (Expenses)</b>	<u>(270,582)</u>	<u>194,703</u>
<b>Income (Loss) Before Operating Transfers and Extraordinary Items</b>	436,497	468,497
Operating Transfers In		
Operating Transfers (Out)		(78,402)
Volunteer Separation Expense		(26,505)
<b>Total Net Operating Transfers and Extraordinary Extraordinary Expense</b>	<u>-</u>	<u>(104,907)</u>
<b>Net Income (Loss)</b>	<u>\$ 436,497</u>	<u>\$ 363,590</u>

**CITY OF WESLACO, TEXAS  
WATER OPERATIONS  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>DEPARTMENT</b>			
<b>Water Supply, Pumping and Purification</b>			
Personal services	\$ 204,137	\$ 208,152	\$ (4,015)
Other services & charges	252,082	244,044	8,038
Supplies	501,955	290,796	211,159
Contractual services	1,378,662	1,330,372	48,290
<b>Total Water Supply, Pumping and Purification</b>	<u>2,336,836</u>	<u>2,073,364</u>	<u>263,472</u>
<b>Water Transmission and Distribution</b>			
Personal services	362,879	349,644	13,235
Other services & charges	171,924	177,821	(5,897)
Supplies	40,314	33,997	6,317
Contractual services		-	-
<b>Total Water Transmission and Distribution</b>	<u>575,117</u>	<u>561,462</u>	<u>13,655</u>
<b>Maintenance Shop</b>			
Personal services	163,955	155,427	8,528
Other services & charges	59,480	56,102	3,378
Supplies	14,953	9,898	5,055
Contractual		-	-
<b>Total Maintenance Shop</b>	<u>238,388</u>	<u>221,427</u>	<u>16,961</u>
<b>Administration and Finance</b>			
Personal services	223,897	243,297	(19,400)
Other services & charges	90,751	91,532	(781)
Supplies	12,349	11,041	1,308
Contractual/General government	600,000	650,000	(50,000)
Bad debt expense		13,881	(13,881)
<b>Total Administration and Finance</b>	<u>926,997</u>	<u>1,009,751</u>	<u>(82,754)</u>
<b>Total Operating Expenses</b>	<u>\$ 4,077,338</u>	<u>\$ 3,866,004</u>	<u>\$ 211,334</u>

**CITY OF WESLACO, TEXAS  
SEWER OPERATIONS  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>DEPARTMENT</b>			
<b>Sewage Pumping and Collection</b>			
Personal services	\$ 287,375	\$ 226,663	\$ 60,712
Other services & charges	494,114	492,146	1,968
Supplies	19,540	9,364	10,176
Contractual services	<u>242,735</u>	<u>233,454</u>	<u>9,281</u>
<b>Total Sewage Pumping and Collections</b>	<u>1,043,764</u>	<u>961,627</u>	<u>82,137</u>
 <b>Sewage Treatment</b>			
Other services & charges	200,700	61,163	139,537
Supplies	-	-	-
Contractual services	<u>960,814</u>	<u>863,721</u>	<u>97,093</u>
<b>Total Sewage Treatment</b>	<u>1,161,514</u>	<u>924,884</u>	<u>236,630</u>
 <b>Administration and Finance</b>			
Bad debt expense		13,179	(13,179)
Contractual/General government	<u>303,961</u>	<u>329,291</u>	<u>(25,330)</u>
<b>Total Administration and Finance</b>	<u>303,961</u>	<u>342,470</u>	<u>(38,509)</u>
 <b>Total Operating Expense</b>	<u><u>\$ 2,509,239</u></u>	<u><u>\$ 2,228,981</u></u>	<u><u>\$ 280,258</u></u>

**SANITATION FUND**

**CITY OF WESLACO, TEXAS  
SANITATION FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2011**

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 723,061	\$ 1,249,595
Accounts receivable (net of allowance)	563,691	557,717
Due from other funds	212,175	212,175
Due from others	-	-
<b>Total Current Assets</b>	<u>1,498,927</u>	<u>2,019,487</u>
<b>Property, Plant and Equipment</b>		
Equipment in service	3,045,447	3,045,447
Less: Accumulated depreciation	<u>(2,229,422)</u>	<u>(2,132,722)</u>
<b>Total Property, Plant and Equipment</b>	<u>816,025</u>	<u>912,725</u>
<b>Total Assets</b>	<u><u>\$ 2,314,952</u></u>	<u><u>\$ 2,932,212</u></u>
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 380,999	\$ 376,121
Accrued salaries and payroll tax		14,516
Compensated absences		28,171
Due to other funds	<u>171,552</u>	<u>646,129</u>
<b>Total Current Liabilities</b>	<u>552,551</u>	<u>1,064,937</u>
<b>Long-Term Liabilities</b>		
Revenue bonds payable (net of current and unamortized issuance costs)	167,902	215,105
Long-term closure and post-closure liabilities	<u>786,238</u>	<u>890,348</u>
<b>Total Liabilities</b>	<u>1,506,691</u>	<u>2,170,390</u>
<b>Equity</b>		
Contributions from city	3,715,956	3,715,956
Contributions from federal government	<u>8,187</u>	<u>8,187</u>
<b>Total Contributed Capital</b>	<u>3,724,143</u>	<u>3,724,143</u>
<b>Retained Earnings</b>		
Unreserved (Deficit)	<u>(2,915,882)</u>	<u>(2,962,321)</u>
<b>Total Equity</b>	<u>808,261</u>	<u>761,822</u>
<b>Total Liabilities and Equity</b>	<u><u>\$ 2,314,952</u></u>	<u><u>\$ 2,932,212</u></u>



**CITY OF WESLACO, TEXAS  
SANITATION FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>2011</u>	<u>2010</u>
<b>Operating Revenues</b>		
Garbage fees	\$ 3,112,296	\$ 3,235,260
Brush fees	946,305	888,207
Other operating revenues/insurance proceeds	67,271	66,090
Recycling fees	1,143	26,025
<b>Total Operating Revenues</b>	<u>4,127,015</u>	<u>4,215,582</u>
<b>Operating Expenses Before Depreciation</b>		
Personal services	31,601	605,488
Other services and charges	249,395	760,942
Supplies	91	128,970
Contractual	3,692,192	1,898,673
<b>Total Operating Expenses</b>	<u>3,973,279</u>	<u>3,394,073</u>
<b>Operating Income (Loss) Before Depreciation</b>	153,736	821,509
Depreciation	<u>(96,700)</u>	<u>(113,125)</u>
<b>Operating Income (Loss)</b>	57,036	708,384
<b>Non-operating Revenues (Expenses)</b>		
Interest earned		39
Capital Grants		
Bond Interest and Fiscal Changes	<u>(10,597)</u>	<u>(9,802)</u>
<b>Total Non-operating Revenues (Expenses)</b>	<u>(10,597)</u>	<u>(9,763)</u>
<b>Income (Loss) Before Operating Transfers And Extraordinary Items</b>	46,439	698,621
<b>Operating Transfers and Extraordinary Items</b>		
Operating Transfers In		
Operating Transfers (Out)		(85,638)
Volunteer Separation Expense		
<b>Total Net Operating Transfers and Extraordinary Items</b>	<u>-</u>	<u>(85,638)</u>
<b>Net Income (Loss)</b>	46,439	612,983
<b>Prior Period Adjustment</b>		163,312
<b>Retained Earnings, October 1</b>	<u>(2,962,321)</u>	<u>(3,738,616)</u>
<b>Retained Earnings, September 30</b>	<u>\$ (2,915,882)</u>	<u>\$ (2,962,321)</u>

**CITY OF WESLACO, TEXAS  
SANITATION FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>2011</u>	<u>2010</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 4,121,041	\$ 4,062,327
Cash received from others		
Cash received from other funds		59,801
Cash payments to suppliers for goods and services	(3,936,800)	(2,359,288)
Cash payments to employees for services	(74,288)	(628,540)
Cash payments to other funds	(474,577)	
<b>Net cash provided (used) by operating activities</b>	<u>(364,624)</u>	<u>1,134,300</u>
<b>Cash flows from non-capital financing activities</b>		
Transfers from other funds		
Transfers to other funds		(85,638)
<b>Net cash provided (used) by non-capital financing activities</b>	<u>-</u>	<u>(85,638)</u>
<b>Cash flows from capital and related financing activities</b>		
Acquisition and construction of capital assets		(107,559)
Interest Paid on Bonds	(7,800)	(9,802)
Bond revenue proceeds (net)	(50,000)	(50,000)
Landfill closure costs	(104,110)	(36,774)
Capital Contribution		
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(161,910)</u>	<u>(204,135)</u>
<b>Cash flow from investing activities:</b>		
Interest on cash and investments		39
<b>Net increase (decrease) in cash and cash investments</b>	(526,534)	844,566
Cash and cash investments, October 1	<u>1,249,595</u>	<u>405,029</u>
<b>Cash and cash investments, September 30</b>	<u><u>\$ 723,061</u></u>	<u><u>\$ 1,249,595</u></u>

**CITY OF WESLACO, TEXAS  
SANITATION FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>2011</u>	<u>2010</u>
<b>Reconciliation of Income (Losses) from operations to net cash provided (used) by operating activities:</b>		
Income (Loss) from operations:	\$ 57,036	\$ 708,384
Adjustments to reconcile Income (Loss) from operations to net cash provided (used) by operating activities:		
Depreciation	96,700	113,125
Change in Assets and Liabilities		
(Increase) Decrease in Accounts Receivables	(5,974)	(102,471)
(Increase) Decrease in Due from Other Funds		(48,863)
(Increase) Decrease in Inventories		-
Increase (Decrease) in Accounts Payable	4,878	153,136
Increase (Decrease) in Due to Other Funds	(474,577)	340,728
Increase (Decrease) in Accrued Liabilities	(14,516)	14,516
Increase (Decrease) in Compensated Absences	(28,171)	(44,255)
<b>Net cash provided (used) by operating activities</b>	<u><u>\$ (364,624)</u></u>	<u><u>\$ 1,134,300</u></u>
 <b>Reconciliation of Total Cash and Cash Investments</b>		
Current Cash - Cash And Cash Investments	\$ 723,061	\$ 405,029
Restricted Assets - Cash And Cash Investments	-	-
<b>Total Cash and Cash Investments</b>	<u><u>\$ 723,061</u></u>	<u><u>\$ 405,029</u></u>

**CITY OF WESLACO, TEXAS  
SANITATION FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>DEPARTMENT</b>			
<b>Waste Collection</b>			
Personal services	\$ 36,955	\$ 22,146	\$ 14,809
Other services & charges		8,186	(8,186)
Supplies			-
Contractual	<u>2,611,232</u>	<u>2,795,552</u>	<u>(184,320)</u>
<b>Total Waste Collection</b>	<u>2,648,187</u>	<u>2,825,884</u>	<u>(177,697)</u>
<b>Waste Disposal</b>			
Personal services	8,679	9,455	(776)
Other services & charges	462	5,575	(5,113)
Supplies		91	(91)
Landfill-Tipping fees			-
<b>Total Waste Disposal</b>	<u>9,141</u>	<u>15,121</u>	<u>(5,980)</u>
<b>Brush Collection</b>			
Personal services			
Contractual	<u>995,340</u>	<u>896,045</u>	<u>99,295</u>
<b>Total Brush Collection</b>	<u>995,340</u>	<u>896,045</u>	<u>99,295</u>
<b>Landfill</b>			
Other services & charges	115,655	3,029	112,626
Supplies			-
Contractual		<u>595</u>	<u>(595)</u>
<b>Total Landfill</b>	<u>115,655</u>	<u>3,624</u>	<u>112,031</u>
<b>Administration and Financing</b>			
Personal services			-
Other services & charges	200,750	217,479	(16,729)
Bad debt expense		<u>15,126</u>	<u>(15,126)</u>
<b>Total Administration and Financing</b>	<u>200,750</u>	<u>232,605</u>	<u>(31,855)</u>
<b>Total Operating Expenses</b>	<u>\$ 3,969,073</u>	<u>\$ 3,973,279</u>	<u>\$ (4,206)</u>

**CITY OF WESLACO, TEXAS  
SANITATION FUND  
SCHEDULE OF FIXED ASSETS AND ALLOWANCE FOR DEPRECIATION  
SEPTEMBER 30, 2011**

	Fixed Assets			
SANITATION FIXED ASSETS	Balance 10/1/10	Current		Balance 9/30/11
		Additions	Retirements	
Land	\$ 421,247	\$ -	\$ -	\$ 421,247
Improvements other than buildings	64,461			64,461
Equipment	1,890,958			1,890,958
Total Sanitation Fixed Assets	2,376,666	-	-	2,376,666
Recycling Center	668,781			668,781
Total Fixed Assets	\$ 3,045,447	\$ -	\$ -	\$ 3,045,447

Depreciation Rate	Allowance for Depreciation			Balance 9/30/11	Net Book Value
	Balance 10/1/10	Current Depreciation	Retirements		
	\$ -	\$ -	\$ -	\$ -	\$ 421,247
20%	26,044	1,940		27,984	36,477
10-33%	1,437,897	94,760		1,532,657	358,301
	1,463,941	96,700	-	1,560,641	816,025
	668,781	-		668,781	-
	<u>\$ 2,132,722</u>	<u>\$ 96,700</u>	<u>\$ -</u>	<u>\$ 2,229,422</u>	<u>\$ 816,025</u>

**AIRPORT FUND**

**CITY OF WESLACO, TEXAS  
AIRPORT FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2011**

<b>Assets</b>	<b>2011</b>	<b>2010</b>
<b>Current Assets</b>		
Cash	\$ -	\$ -
Accounts receivable (Net of Allowance)	14,280	10,689
Inventory	53,273	43,255
Due from other governments	149	250
<b>Total Current Assets</b>	<u>67,702</u>	<u>54,194</u>
<b>Restricted Assets</b>		
Cash Escrow (TXDOT)	<u>-</u>	<u>-</u>
<b>Property, Plant, and Equipment</b>		
Airport fixed assets	7,372,636	7,318,298
Less: allowance for depreciation	(3,192,431)	(2,991,148)
<b>Total Property, Plant, and Equipment</b>	<u>4,180,205</u>	<u>4,327,150</u>
<b>Total Assets</b>	<u>\$ 4,247,907</u>	<u>\$ 4,381,344</u>
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 7,250	\$ 7,853
Bank Overdraft	36,406	3,038
Due from other funds		
Compensated absences	91,612	83,313
Deposits	2,634	2,634
<b>Total Current Liabilities</b>	<u>137,902</u>	<u>96,838</u>
<b>Equity</b>		
<b>Contributed Capital</b>		
Contributions from City	1,398,150	1,398,150
Contributions from State grants	1,617,395	1,617,395
Contributions from Revenue Sharing Fund	175,130	175,130
Contributions from Federal grants	3,391,137	3,391,137
<b>Total Contributed Capital</b>	<u>6,581,812</u>	<u>6,581,812</u>
Retained Earnings		
Unreserved (Deficit)	(2,471,807)	(2,297,306)
<b>Total Equity</b>	<u>4,110,005</u>	<u>4,284,506</u>
<b>Total Liabilities and Equity</b>	<u>\$ 4,247,907</u>	<u>\$ 4,381,344</u>



**CITY OF WESLACO, TEXAS  
AIRPORT FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>2011</u>	<u>2010</u>
<b>Operating Revenues</b>		
Fuel sales (net of cost)	\$ 60,233	\$ 135,875
Hangar/Bldg. Rentals	47,332	43,531
Operating Grants		
Other operating revenues	3,696	6,778
<b>Total Operating Revenues</b>	<u>111,261</u>	<u>186,184</u>
<b>Operating Expenses Before Depreciation</b>		
Personal services	205,553	216,057
Other services and charges	106,425	87,189
Supplies	19,428	21,773
<b>Total Operating Expenses</b>	<u>331,406</u>	<u>325,019</u>
<b>Operating Income (Loss) Before Depreciation</b>	(220,145)	(138,835)
Depreciation	(201,283)	(207,809)
<b>Net Operating Income(Loss)</b>	<u>(421,428)</u>	<u>(346,644)</u>
<b>Non-Operating Revenues (Expenses)</b>		
Interest earned		12
Capital Grants	46,927	8,098
<b>Total Non-operating Revenues (Expenses)</b>	<u>46,927</u>	<u>8,110</u>
<b>Income (Loss) Before Operating Transfers</b>	<u>(374,501)</u>	<u>(338,534)</u>
<b>Operating Transfers</b>		
Operating transfers in	200,000	4,339
Operating transfers out		
<b>Total Operating Transfers</b>	<u>200,000</u>	<u>4,339</u>
Net Income (Loss)	(174,501)	(334,195)
<b>Retained earnings (Deficit), October 1</b>	<u>(2,297,306)</u>	<u>(1,963,111)</u>
<b>Retained earnings (Deficit), September 30,</b>	<u><u>\$ (2,471,807)</u></u>	<u><u>\$ (2,297,306)</u></u>

**CITY OF WESLACO, TEXAS  
AIRPORT FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>2011</u>	<u>2010</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 345,527	\$ 405,082
Cash received from operating grants		
Cash payments to suppliers for goods and services	(374,230)	(357,158)
Cash payments to employees for services	<u>(197,254)</u>	<u>(210,486)</u>
<b>Net cash provided (used) for by operating activities</b>	<u>(225,957)</u>	<u>(162,562)</u>
<b>Cash flows from non-capital financing activities:</b>		
Capital Grants		8,098
Transfers from other funds	200,000	4,339
Payment of due to other fund		-
	<u>200,000</u>	<u>12,437</u>
<b>Cash flow from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(7,411)	(10,496)
Interest paid on loans		-
Retirements on accounts payable		-
<b>Net cash provided (used) for capital activities</b>	<u>(7,411)</u>	<u>(10,496)</u>
<b>Cash flows from investing activities:</b>		
Interest on investments		12
<b>Net cash from investing activities</b>	<u>-</u>	<u>12</u>
<b>Net increase (decrease) in cash</b>	(33,368)	(160,609)
Cash at beginning of year	<u>(3,038)</u>	<u>157,571</u>
<b>* Cash at end of year</b>	<u>\$ (36,406)</u>	<u>\$ (3,038)</u>

\* Note: Cash includes operating cash and cash escrow balances.

**CITY OF WESLACO, TEXAS  
AIRPORT FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>2011</u>	<u>2010</u>
<b>Reconciliation of Income (Losses) from operations to net cash provided (used) by operating activities:</b>		
Income (Loss) from operations:	\$ (421,428)	\$ (346,644)
Adjustments to reconcile Income (Loss) from operations to net cash provided (used) by operating activities:		
Depreciation	201,283	207,809
Change in Assets and Liabilities		
(Increase) Decrease in Accounts Receivables	(3,591)	(328)
(Increase) Decrease in Due from Other Funds		
(Increase) Decrease in Due from Others	101	(164)
(Increase) Decrease in Inventories	(10,018)	(18,690)
Increase (Decrease) in Accounts Payable	(603)	(10,116)
Increase (Decrease) in Due to Other Funds		
Increase (Decrease) in Deposits		
Increase (Decrease) in Compensated Absences	8,299	5,571
<b>Net cash provided (used) by operating activities</b>	<u><u>\$ (225,957)</u></u>	<u><u>\$ (162,562)</u></u>
 <b>Reconciliation of Total Cash and Cash Investments</b>		
Current Cash - Cash And Cash Investments	\$ -	\$ -
Curren Liabilities - Bank Overdraft	(36,406)	(3,038)
<b>Total Cash and Cash Investments</b>	<u><u>\$ (36,406)</u></u>	<u><u>\$ (3,038)</u></u>

**CITY OF WESLACO, TEXAS  
AIRPORT FUND  
SCHEDULE OF FIXED ASSETS AND ALLOWANCE FOR DEPRECIATION  
SEPTEMBER 30, 2011**

Fixed Assets	Fixed Assets			
	Balance	Current		Balance
	10/1/2010	Additions	Retirements	9/30/2011
Land-airport site	\$ 98,439	\$ -	\$ -	\$ 98,439
Land-Airpark	1,327,009			1,327,009
Land-Industrial Park	40,000			40,000
Custom Permit Costs	30,000			30,000
Landscaping	69,333			69,333
Paving-runway and taxi strip	819,210			819,210
Helo Pad	9,265			9,265
Paving-runway	726,012			726,012
Buildings	648,540			648,540
Equipment	525,785	3,160		528,945
Improvements-runway lights	55,576			55,576
Improvements-parking	61,055			61,055
Improvements-runway paving	813,391			813,391
Improvements-fence	121,593			121,593
Terminal apron expansion	1,758,370			1,758,370
Sub Total	7,103,578	3,160	-	7,106,738
Construction-In-Progress	214,720	51,178	-	265,898
Total Fixed Assets	<u>\$ 7,318,298</u>	<u>\$ 54,338</u>	<u>\$ -</u>	<u>\$ 7,372,636</u>

Depreciation  Rate	Allowance for Depreciation				Net Book  Value
	Balance	Current		Balance	
	10/1/2010	Depreciation	Retirements	9/30/2011	
	\$ -	\$ -	\$ -	\$ -	\$ 98,439
					1,327,009
					40,000
					30,000
	44,955	2,507		47,462	21,871
3%	238,034	37,584		275,618	543,592
	3,056	698		3,754	5,511
	442,867	29,040		471,907	254,105
4-20%	320,817	15,250		336,067	312,473
	489,140	5,496		494,636	34,309
10%	55,576	-		55,576	-
3-10%	61,055	-		61,055	-
3-4%	579,457	22,089		601,546	211,845
10%	100,318	3,373		103,691	17,902
	655,873	85,246		741,119	1,017,251
	2,991,148	201,283	-	3,192,431	3,914,307
	-	-	-	-	265,898
	<u>\$ 2,991,148</u>	<u>\$ 201,283</u>	<u>\$ -</u>	<u>\$ 3,192,431</u>	<u>\$ 4,180,205</u>

### **INTERNAL SERVICE FUNDS**

Internal Service Funds are used to account for services performed by one government organization for others on a cost recovery basis. The City of Weslaco operates the medical group self-insurance program as an internal service fund.

Equipment Replacement Fund-This fund accounts for the City's equipment replacement program. The purpose of this fund is to accumulate funds to replace equipment by purchasing and leasing equipment to the various departments involved, or merely purchase equipment and transfer to their respective funds, either the General Fixed Assets Account Group or the individual enterprise funds.

**CITY OF WESLACO, TEXAS  
EQUIPMENT REPLACEMENT FUND  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2011  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2010)**

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ -	\$ -
Investments	2,095	2,095
Accrued Interest		
Due from other funds		
<b>Total Current Assets</b>	<u>2,095</u>	<u>2,095</u>
<b>Fixed Assets</b>		
Equipment	2,406,778	2,406,778
Allowance on Depreciation	(2,406,778)	(2,406,778)
<b>Total Fixed Assets</b>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u><u>\$ 2,095</u></u>	<u><u>\$ 2,095</u></u>
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ -	\$ -
Due to Interest & Sinking Fund		
Current portion -long term debt		
<b>Total Current Liabilities</b>	<u>-</u>	<u>-</u>
<b>Long Term Debt</b>		
Note Payable (net of Current Portion)		-
<b>Total Long Term Debt</b>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>
<b>Equity</b>		
Contributed Capital		-
Retained Earnings	2,095	2,095
<b>Total Equity</b>	<u>2,095</u>	<u>2,095</u>
<b>Total Liabilities and Equity</b>	<u><u>\$ 2,095</u></u>	<u><u>\$ 2,095</u></u>

**CITY OF WESLACO, TEXAS  
EQUIPMENT REPLACEMENT FUND  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011  
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2010)**

	<u>2011</u>	<u>2010</u>
<b>Operating Revenues</b>		
<b>Charges for Service</b>		
City Contribution-Health	\$ -	\$ -
City Contribution-Life		
Employee Contribution-Health		
Equipment Leases		
<b>Total Operating Revenues</b>	<u>-</u>	<u>-</u>
<b>Operating Expenses</b>		
Other services and charges		
Health insurance premium		
<b>Total Operating Expenses</b>	<u>-</u>	<u>-</u>
<b>Operating Income Before Depreciation</b>	-	-
Depreciation	-	-
<b>Operating Income (Loss)</b>	<u>-</u>	<u>-</u>
<b>Non-Operating Revenues (Expenses)</b>		
Interest earned	-	
Interest expense		
Realized gain or loss in investments		
Operating transfers in		
Operating transfers out		
<b>Total Non-operating Revenues</b>	<u>-</u>	<u>-</u>
<b>Net Income (Loss)</b>	-	-
<b>Retained Earnings (Deficit), October 1,</b>	<u>2,095</u>	<u>2,095</u>
<b>Retained Earnings, September 30,</b>	<u>\$ 2,095</u>	<u>\$ 2,095</u>



**CITY OF WESLACO, TEXAS  
EQUIPMENT REPLACEMENT FUND  
COMBINING STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011  
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2010)**

	<u>2011</u>	<u>2010</u>
<b>Cash flows from operating activities:</b>		
Other operating cash receipts	\$ -	\$ -
Cash payments to suppliers for goods and services		
<b>Net cash used provided by operating     activities</b>	<u>-</u>	<u>-</u>
<b>Cash flow from non-capital financing     activities:</b>		
Acquisition of notes		
Retirement of notes	-	-
Interest paid on notes		
Transfers to other funds		
Transfers from other funds		
Acquisition and construction of capital assets		
<b>Total Cash Flow From Non-Capital     Financing</b>	<u>-</u>	
<b>Cash flow from investing activities:</b>		
Interest on investments		
<b>Net increase (decrease) in cash</b>	-	-
<b>*Cash at beginning of year</b>	<u>2,095</u>	<u>2,095</u>
<b>Cash at end of year</b>	<u><u>\$ 2,095</u></u>	<u><u>\$ 2,095</u></u>

\* Note: Cash includes cash in bank and investments.

**TRUST AND AGENCY FUNDS**

### **TRUST AND AGENCY FUNDS**

Trust Funds are used to account for assets held by the City in a trustee capacity. Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds.

#### **Pension Trust Fund**

The Weslaco's Firemen's Relief and Retirement Fund – This fund administers a retirement plan for the employees of the Weslaco Fire Department. The fund is administered by a board elected by the firemen and the Mayor of the City serving as an appointed position designated by the trust instrument.

**PENSION TRUST  
FUND**

**CITY OF WESLACO, TEXAS  
FIREMEN'S RETIREMENT FUND  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2011  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2010)**

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 371,578	\$ 1,052,696
Investments	5,615,253	4,433,286
Accounts receivable (pension contributions)	1,192	1,192
Due from other funds	-	-
Due from individuals	-	-
<b>Total Assets</b>	<u>\$ 5,988,023</u>	<u>\$ 5,487,174</u>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 8,127	\$ 16,642
Due to other governments	-	-
Due to other funds	-	-
<b>Total Liabilities</b>	<u>8,127</u>	<u>16,642</u>
<b>Fund Balance</b>		
Reserved	5,979,896	5,470,532
Unreserved		
Undesignated		
<b>Total Fund Balance</b>	<u>5,979,896</u>	<u>5,470,532</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 5,988,023</u>	<u>\$ 5,487,174</u>

**CITY OF WESLACO, TEXAS  
FIREMEN'S RETIREMENT FUND  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011  
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2010)**

	<u>2011</u>	<u>2010</u>
<b>Operating revenues</b>		
Charges for services	\$ 761,271	\$ 850,127
<b>Operating expenses</b>		
Other charges and services	<u>351,532</u>	<u>179,825</u>
<b>Operating income (loss) before Non-operating Revenues</b>	<u>409,739</u>	<u>670,302</u>
<b>Non-operating Revenues</b>		
Interest Earned	60,807	64,551
Miscellaneous income		
Dividends	81,262	47,078
(Loss) or Gain on Realized Appreciation	<u>(42,444)</u>	<u>163,826</u>
<b>Total Non-Operating Revenues</b>	<u>99,625</u>	<u>275,455</u>
<b>Net Income (loss) Before Transfers</b>	509,364	945,757
<b>Transfers</b>		
Transfers In (Out)	<u>-</u>	<u>-</u>
<b>Net Income (loss)</b>	<u>509,364</u>	<u>945,757</u>
Fund Balance, October 1,	<u>5,470,532</u>	<u>4,524,775</u>
<b>Fund Balance, September 30,</b>	<u><u>\$ 5,979,896</u></u>	<u><u>\$ 5,470,532</u></u>

**CITY OF WESLACO, TEXAS  
FIREMEN'S RETIREMENT FUND  
COMPARATIVE STATEMENT OF CASH FLOW  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>2011</u>	<u>2010</u>
<b>Cash flows from operating activities:</b>		
Operating income (loss)	\$ 409,739	\$ 670,302
Adjustments to reconcile operating income to net cash provided by operating activities:		
Net Change in investments (increase) decrease:	(1,181,967)	(224,321)
Decrease (increase) in due to pension receivable		2
Increase (decrease) in due from other funds	-	
Increase (decrease) in accounts payable	(8,515)	16,642
(Increase) decrease in due to others		
<b>Net cash provided by operating activities</b>	<u>(780,743)</u>	<u>462,625</u>
<b>Cash flows from investing activities:</b>		
Purchase of mutual fund securities	-	-
Interest on investments	60,807	64,551
Dividends	81,262	47,078
Miscellaneous income	-	
Gain (Loss) on Realized Appreciation	<u>(42,444)</u>	<u>163,826</u>
<b>Net cash (used) provided by investing activities</b>	<u>99,625</u>	<u>275,455</u>
<b>Net increase (decrease) in cash</b>	(681,118)	738,080
Cash, beginning of year	<u>1,052,696</u>	<u>314,616</u>
<b>*Cash, end of year</b>	<u><u>\$ 371,578</u></u>	<u><u>\$ 1,052,696</u></u>

\* Cash - This reflects cash in the operating account.

**GENERAL FIXED ASSETS ACCOUNT GROUP**

This account group is established to account for the fixed assets owned by the City exclusive of those relating to Enterprise Fund operations. Expenditure transactions to acquire general fixed assets occur in the General, Special Revenue, and Capital Projects Funds.



**CITY OF WESLACO, TEXAS**  
**SCHEDULE OF GENERAL FIXED ASSETS**  
**BY SOURCE**  
**SEPTEMBER 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>General Fixed Assets</b>		
Land	\$ 4,223,735	\$ 4,490,570
Buildings	18,828,753	18,441,623
Improvements other than buildings	44,617,981	44,587,235
Machinery & equipment	8,999,574	8,784,392
	<hr/>	<hr/>
<b>Total General Fixed Assets</b>	<u>\$ 76,670,043</u>	<u>\$ 76,303,820</u>
<b>Investment in General Fixed Assets From</b>		
Capital Projects Funds		
Miscellaneous	\$ 1,696,720	\$ 1,696,720
General obligation bonds	17,525,771	17,525,771
Certification of obligation	22,001,900	21,971,154
Federal grants	3,414,497	3,414,497
State grants	1,021,897	1,021,897
General Fund	11,288,637	11,073,455
Special Revenue Fund	11,801,835	11,681,540
Special Assessments	289,479	289,479
380 Agreements	7,629,307	7,629,307
	<hr/>	<hr/>
<b>Total Investment in General Fixed Assets</b>	<u>\$ 76,670,043</u>	<u>\$ 76,303,820</u>

**CITY OF WESLACO, TEXAS**  
**SCHEDULE OF GENERAL FIXED ASSETS-BY FUNCTION AND ACTIVITY**  
**SEPTEMBER 30, 2011**

<b>Function &amp; Activity</b>	<b>Total</b>	<b>Land</b>	<b>Buildings</b>	<b>Improv. Other than Buildings</b>	<b>Machinery and Equipment</b>
<b>General Government</b>					
<b>Control:</b>					
Legislative	\$ 4,341,311	\$ -	\$ 4,310,782	\$ -	\$ 30,529
Executive	9,891			1,090	8,801
City secretary	39,984				39,984
Judicial	88,022			1,530	86,492
<b>Total Control</b>	<u>4,479,208</u>	<u>-</u>	<u>4,310,782</u>	<u>2,620</u>	<u>165,806</u>
<b>Staff Agencies:</b>					
Finance	216,199		156,675	15,515	44,009
Data Processing	541,375		259,292		282,083
Data Planning	27,550				27,550
Purchasing	23,014				23,014
Building maintenance	7,435,104	1,387,150	5,007,264	867,114	173,576
<b>Total Agencies</b>	<u>8,243,242</u>	<u>1,387,150</u>	<u>5,423,231</u>	<u>882,629</u>	<u>550,232</u>
<b>Total General Government</b>	<u>12,722,450</u>	<u>1,387,150</u>	<u>9,734,013</u>	<u>885,249</u>	<u>716,038</u>
<b>Public Safety</b>					
Police protection	2,053,854		629,757	189,094	1,235,003
Fire protection	4,014,527		1,328,732	5,575	2,680,220
Civil defense	-				
Risk management	544,990			16,828	528,162
Parking control	292				292
Protective inspection	55,722				55,722
Traffic safety	62,664	19,108		9,846	33,710
Emergency medical Services	1,081,016				1,081,016
Building maintenance	-				
<b>Total Public Safety</b>	<u>7,813,065</u>	<u>19,108</u>	<u>1,958,489</u>	<u>221,343</u>	<u>5,614,125</u>
<b>Public Works</b>					
Administration	735,251		573,641	120,752	40,858
Streets, drainage & sidewalks	30,536,007	361,566	419,421	29,087,443	667,577
380 Agreement investment	7,629,307			7,629,307	
<b>Total Public Works</b>	<u>38,900,565</u>	<u>361,566</u>	<u>993,062</u>	<u>36,837,502</u>	<u>708,435</u>
<b>Other</b>					
Health	65,772		58,934		6,838
Library	3,448,661	3,900	1,748,951	410,801	1,285,009
Community recreations	8,470,595	1,520,730	959,260	5,442,425	548,180
Cemetery	356,954	18,796		338,158	
Economic development	4,582,709	901,090	3,376,044	184,626	120,949
Capital lease equipment	-				
Miscellaneous	128,959	11,395		117,564	
Construction-in-progress	180,313			180,313	
<b>Total Other</b>	<u>17,233,963</u>	<u>2,455,911</u>	<u>6,143,189</u>	<u>6,673,887</u>	<u>1,960,976</u>
<b>Total General Fixed Assets</b>	<u>\$ 76,670,043</u>	<u>\$ 4,223,735</u>	<u>\$ 18,828,753</u>	<u>\$ 44,617,981</u>	<u>\$ 8,999,574</u>

**CITY OF WESLACO, TEXAS**  
**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS**  
**BY FUNCTION AND ACTIVITY**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

<b>Function &amp; Activity</b>	<b>General Fixed Assets 10/1/10</b>	<b>Additions</b>	<b>Deductions</b>	<b>General Fixed Assets 9/30/11</b>
<b>General Government</b>				
<b>Control:</b>				
Legislative	\$ 4,341,311	\$ -	\$ -	\$ 4,341,311
Executive	9,891			9,891
City secretary	36,084	3,900		39,984
Judicial	85,091	2,931		88,022
<b>Total Control</b>	<u>4,472,377</u>	<u>6,831</u>	<u>-</u>	<u>4,479,208</u>
<b>Staff Agencies:</b>				
Finance	216,199			216,199
Data processing	526,343	15,032		541,375
Planning	19,113	8,437		27,550
Purchasing	23,014			23,014
Building maintenance	7,426,414	8,690		7,435,104
<b>Total Agencies</b>	<u>8,211,083</u>	<u>32,159</u>	<u>-</u>	<u>8,243,242</u>
<b>Total General Government</b>	<u>12,683,460</u>	<u>38,990</u>	<u>-</u>	<u>12,722,450</u>
<b>Public Safety</b>				
Police protection	1,948,127	105,727		2,053,854
Fire protection	3,973,710	40,817		4,014,527
Risk management	544,990			544,990
Parking control	292			292
Protective inspection	55,722			55,722
Traffic safety	62,664	-		62,664
Emergency medical services	1,065,608	15,408		1,081,016
<b>Total Public Safety</b>	<u>7,651,113</u>	<u>161,952</u>	<u>-</u>	<u>7,813,065</u>
<b>Public Works</b>				
Administration	735,251			735,251
Streets, drainage & sidewalks	30,505,261	30,746		30,536,007
380 Agreement infrastructure	7,629,307			7,629,307
<b>Total Public Works</b>	<u>38,869,819</u>	<u>30,746</u>	<u>-</u>	<u>38,900,565</u>
<b>Other</b>				
Health	65,772			65,772
Library	3,434,421	14,240		3,448,661
Community recreation	8,470,595			8,470,595
Cemetery	356,954			356,954
Economic development	4,462,414	387,130	266,835	4,582,709
Capital lease equipment	-			-
Miscellaneous	128,959			128,959
Construction-in-progress	180,313	-		180,313
<b>Total Other</b>	<u>17,099,428</u>	<u>401,370</u>	<u>266,835</u>	<u>17,233,963</u>
<b>Total General Fixed Assets</b>	<u>\$ 76,303,820</u>	<u>\$ 633,058</u>	<u>\$ 266,835</u>	<u>\$ 76,670,043</u>

**SUPPLEMENTAL STATEMENTS AND SCHEDULES**

**CITY OF WESLACO, TEXAS**  
**SCHEDULE OF TAXES RECEIVABLE -BY FUNDS**  
**AT SEPTEMBER 30, 2011**

Year	Total	General Fund		I & S Fund	
		%	Amount	%	Amount
2001 & Prior	\$ 269,008	Various	\$ 168,010	Various	\$ 100,999
2002	86,191	68.62%	59,144	31.38%	27,047
2003	59,976	68.42%	41,036	31.58%	18,940
2004	75,670	72.78%	55,073	27.22%	20,597
2005	133,203	70.95%	94,508	29.05%	38,695
2006	121,185	72.41%	87,750	27.59%	33,435
2007	177,573	73.96%	131,333	26.04%	46,240
2008	248,380	74.78%	185,739	25.22%	62,641
2009	295,665	73.95%	218,644	26.05%	77,021
2010	<u>537,459</u>	72.47%	<u>389,497</u>	27.53%	<u>147,962</u>
	2,004,310		1,430,732		573,579
Less					
Allowances for uncollectible	<u>(391,644)</u>		<u>(269,804)</u>		<u>(121,840)</u>
Net Amount	<u>\$ 1,612,666</u>		<u>\$ 1,160,928</u>		<u>\$ 451,739</u>

**CITY OF WESLACO, TEXAS  
ANALYSIS OF TAX COLLECTIONS, ADJUSTMENTS,  
AND ALLOCATION TO FUNDS  
OCTOBER 1, 2010 TO SEPTEMBER 30, 2011**

**TAX COLLECTIONS AND ADJUSTMENTS**

Year	Uncollected 10/1/10	Current Assessments & Correction	Collections	Adjustments	Uncollected 9/30/11
2001 & Prior	\$ 302,224		\$ 23,929	\$ (9,287)	\$ 269,008
2002	94,125		6,035	(1,899)	86,191
2003	68,441		6,024	(2,441)	59,976
2004	87,977		8,448	(3,859)	75,670
2005	159,881		23,375	(3,303)	133,203
2006	161,867		28,094	(12,588)	121,185
2007	227,605		65,441	15,409	177,573
2008	381,478		129,191	(3,907)	248,380
2009	637,219		289,424	(52,130)	295,665
2010	-	9,310,540	8,704,523	(68,558)	537,459
Total	<u>\$ 2,120,817</u>	<u>\$ 9,310,540</u>	<u>\$ 9,284,484</u>	<u>\$ (142,563)</u>	<u>\$ 2,004,310</u>

**ALLOCATION TO FUNDS**

Year	Collections	General Fund		I & S Fund	
		%	\$	%	\$
2001 & Prior	\$ 23,929	Various	\$ 13,086	Various	\$ 10,843
2002	6,035	68.62%	4,141	31.38%	1,894
2003	6,024	68.42%	4,122	31.38%	1,902
2004	8,448	72.78%	6,148	27.22%	2,300
2005	23,375	70.95%	16,585	29.05%	6,790
2006	28,094	72.41%	20,343	27.59%	7,751
2007	65,441	73.96%	48,400	26.04%	17,041
2008	129,191	74.78%	96,609	25.22%	32,582
2009	289,424	73.95%	214,029	26.05%	75,395
2010	8,704,523	72.47%	6,308,168	26.05%	2,396,355
Total	<u>\$ 9,284,484</u>		<u>\$ 6,731,631</u>		<u>\$ 2,552,853</u>

**BONDED DEBT REQUIREMENTS**

**CITY OF WESLACO, TEXAS  
SCHEDULE OF CHANGES IN BONDED DEBT  
OCTOBER 1, 2010 TO SEPTEMBER 30, 2011**

Description	Date Issued	Original Amount Issued	Bonds Outstanding 10/1/2010
<u>GENERAL BONDS PAYABLE SERIALY</u>			
Tax & Waterworks & Sewer Systems (Limited Pledge) Revenue Certificate of Obligations	2/11/1999	\$ 6,559,048	\$ 3,920,396
General Obligation Refunding Bonds Series 2002	10/10/2002	5,030,400	1,276,800
Tax System Surplus Revenue Certificates of Obligation Series 2003	9/24/2003	14,080,000	13,790,000
Tax & Waterworks & Sewer System Surplus Revenue Certificates of Obligation, Series 2007	9/30/2007	6,105,000	6,045,000
General Obligation Refinancing Bond Series 2010 (Target Savings)	12/6/2010	4,064,918	
Total General Bonds Payable Serially			<u>25,032,196</u>
<u>REVENUE BONDS PAYABLE SERIALY</u>			
1998 Waterworks and Sewer Systems Reserve Bonds	9/23/1998	5,930,000	3,135,000
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificate of Obligation	2/11/1999	1,730,952	1,034,604
General Obligation Refunding Bonds Series 2002	10/10/2002	2,829,600	718,200
Tax & Waterworks & Sewer System Surplus Revenue Certificates of Obligation, Series 2007	9/30/2007	21,710,000	21,470,000
General Obligation Refinancing Bond Series 2010 (Target Savings)	12/6/2010	1,075,082	
Waterworks and Sewer System Revenue Refunding Bond Series 2010	12/6/2010	2,845,000	
Tax & Waterworks & Sewer System Surplus Revenue Certificates of Obligation, Series 2007	9/30/2007	360,000	<u>220,000</u>
Total Revenue Bonds Payable Serially			<u>26,577,804</u>
<u>ECONOMIC DEVELOPMENT SALES TAX REVENUE BONDS</u>			
Series 2003	3/27/2003	2,000,000	1,480,000
Series 2003A	3/27/2003	4,060,000	3,115,000
Series 2010	12/2/2010	1,050,000	
Series 2011A	6/2/2011	1,090,000	
Series 2011B	6/2/2011	1,290,000	
Total Economic Development Sales Tax			<u>4,595,000</u>
<u>TOTAL ALL BONDS PAYABLE SERIALY</u>			<u>\$ 56,205,000</u>

(1) Wachovia Bank, Houston, Texas

(2) Compass Bank, McAllen, Texas



**CITY OF WESLACO, TEXAS  
SCHEDULE OF CHANGES IN BONDED DEBT  
OCTOBER 1, 2010 TO SEPTEMBER 30, 2011**

<u>Issued/ Adjusted</u>	<u>Retired</u>	<u>Bonds Outstanding 9/30/2011</u>	<u>Interest Rates</u>	<u>Optional Date</u>	<u>Principal Date</u>	<u>Agent</u>
	\$ 3,920,396	\$ -	Various	None	2-Feb	(2)
	656,000	620,800	Various	None	15-Feb	(2)
	125,000	13,665,000	Various	None	15-Feb	(2)
	90,000	5,955,000	Various	None	15-Feb	(2)
<u>4,064,918</u>	<u>461,002</u>	<u>3,603,916</u>	3.10%	None	1-Feb	(2)
<u>4,064,918</u>	<u>5,252,398</u>	<u>23,844,716</u>				
	3,135,000	-	Various	None	1-Jun	(2)
	1,034,604	-	Various	None	2-Feb	(2)
	369,000	349,200	Various	None	15-Feb	(2)
	350,000	21,120,000	Various	None	15-Feb	(2)
1,075,082	123,998	951,084	3.10%	None	1-Feb	(2)
2,845,000		2,845,000	3.19%	None	1-Dec	(2)
	<u>50,000</u>	<u>170,000</u>	Various	None	15-Feb	(2)
<u>3,920,082</u>	<u>5,062,602</u>	<u>25,435,284</u>				
	1,480,000	-	Various	None	15-Feb	(1)
	170,000	2,945,000	Various	None	15-Feb	(1)
1,050,000	1,050,000	-	Various	None	15-Feb	(2)
1,090,000		1,090,000	4.47%	None	15-Feb	(2)
<u>1,290,000</u>		<u>1,290,000</u>	3.840%	None	15-Feb	(2)
<u>3,430,000</u>	<u>2,700,000</u>	<u>5,325,000</u>				
<u>\$ 11,415,000</u>	<u>\$ 13,015,000</u>	<u>\$ 54,605,000</u>				

**CITY OF WESLACO, TEXAS**  
**SUMMARY OF BONDED DEBT SERVICE REQUIREMENTS TO MATURITY**  
**AT SEPTEMBER 30, 2011**

Fiscal Year Ending 30-Sep	Governmental-Activities			
	General Obligation Bonds and Certificates of Obligation		Sales Tax Revenue Bonds	
	Principal	Interest	Principal	Interest
2012	\$ 1,649,508	\$ 1,018,871	\$ 180,000	\$ 278,608
2013	1,785,976	953,593	190,000	249,421
2014	1,835,688	883,240	460,000	233,373
2015	1,757,852	812,073	480,000	210,765
2016	1,829,720	739,937	500,000	187,185
2017	1,904,500	663,943	530,000	162,437
2018	1,995,324	581,640	550,000	137,435
2019	2,081,148	492,354	570,000	111,396
2020	1,635,000	406,855	600,000	83,154
2021	1,710,000	325,165	625,000	53,532
2022	1,800,000	238,000	310,000	29,100
2023	1,890,000	145,750	330,000	9,900
2024	455,000	87,125		
2025	480,000	63,750		
2026	505,000	39,125		
2027	530,000	13,250		
Total	<u>\$ 23,844,716</u>	<u>\$ 7,464,671</u>	<u>\$ 5,325,000</u>	<u>\$ 1,746,306</u>

Business-Type Activities		Total Requirements		
Revenue, General Obligation, and Certificates of Obligation				
Principal	Interest	Principal	Interest	Debt Service
\$ 995,492	\$ 1,143,045	\$ 2,825,000	\$ 2,440,524	\$ 5,265,524
1,024,024	1,106,961	3,000,000	2,309,975	5,309,975
1,020,312	1,069,248	3,316,000	2,185,861	5,501,861
1,292,148	1,025,766	3,530,000	2,048,604	5,578,604
1,340,280	976,620	3,670,000	1,903,742	5,573,742
1,390,500	925,066	3,825,000	1,751,446	5,576,446
1,444,676	866,603	3,990,000	1,585,678	5,575,678
1,528,852	796,020	4,180,000	1,399,770	5,579,770
1,605,000	719,663	3,840,000	1,209,672	5,049,672
1,685,000	642,348	4,020,000	1,021,045	5,041,045
1,765,000	558,625	3,875,000	825,725	4,700,725
1,855,000	468,125	4,075,000	623,775	4,698,775
1,950,000	373,000	2,405,000	460,125	2,865,125
2,055,000	272,875	2,535,000	336,625	2,871,625
2,160,000	167,500	2,665,000	206,625	2,871,625
2,270,000	56,750	2,800,000	70,000	2,870,000
<u>\$ 25,381,284</u>	<u>\$ 11,168,215</u>	<u>\$ 54,551,000</u>	<u>\$ 20,379,192</u>	<u>\$ 74,930,192</u>

**CITY OF WESLACO, TEXAS  
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2002  
AS OF SEPTEMBER 30, 2011**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2011		\$ -	\$ -	\$ -	\$ 620,800
2012	3.625%	11,644	7,990	201,600	419,200
2013	3.750%	7,990	4,030	211,200	208,000
2014	3.875%	<u>4,030</u>	<u>-</u>	<u>208,000</u>	-
Total		<u>\$ 23,664</u>	<u>\$ 12,020</u>	<u>\$ 620,800</u>	

**CITY OF WESLACO, TEXAS  
TAX AND WATERWORKS & SEWER SYSTEM-SURPLUS REVENUE  
CERTIFICATES OF OBLIGATION, SERIES 2003  
AS OF SEPTEMBER 30, 2011**

Fiscal Year	Interest Rate	Interest Payments		Principal Due	Outstanding
		15-Feb	15-Aug	15-Feb	30-Sep
2011		\$ -	\$ -	\$ -	\$ 13,665,000
2012	4.000%	316,460	298,860	880,000	12,785,000
2013	4.125%	298,860	279,886	920,000	11,865,000
2014	4.250%	279,886	259,592	955,000	10,910,000
2015	4.375%	259,592	237,717	1,000,000	9,910,000
2016	4.450%	237,717	214,466	1,045,000	8,865,000
2017	4.500%	214,466	189,940	1,090,000	7,775,000
2018	4.625%	189,940	163,463	1,145,000	6,630,000
2019	4.750%	163,463	134,963	1,200,000	5,430,000
2020	4.875%	134,963	104,250	1,260,000	4,170,000
2021	5.000%	104,250	71,250	1,320,000	2,850,000
2022	5.000%	71,250	36,500	1,390,000	1,460,000
2023	5.000%	36,500		1,460,000	-
Total		<u>\$ 2,307,347</u>	<u>\$ 1,990,887</u>	<u>\$ 13,665,000</u>	

**CITY OF WESLACO, TEXAS**  
**TAX & WATERWORKS & SEWER SYSTEM SURPLUS REVENUE**  
**CERTIFICATES OF OBLIGATION, SERIES 2007**  
**AS OF SEPTEMBER 30, 2011**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2011		\$ -	\$ -	\$ -	\$ 5,955,000
2012	4.00%	140,949	136,949	200,000	5,755,000
2013	4.00%	136,949	131,449	275,000	5,480,000
2014	4.00%	131,449	125,749	285,000	5,195,000
2015	4.13%	125,749	119,665	295,000	4,900,000
2016	4.13%	119,665	113,271	310,000	4,590,000
2017	4.25%	113,271	106,471	320,000	4,270,000
2018	5.25%	106,471	97,546	340,000	3,930,000
2019	5.25%	97,546	88,227	355,000	3,575,000
2020	4.70%	88,227	79,415	375,000	3,200,000
2021	4.70%	79,415	70,250	390,000	2,810,000
2022	5.00%	70,250	60,000	410,000	2,400,000
2023	5.00%	60,000	49,250	430,000	1,970,000
2024	5.00%	49,250	37,875	455,000	1,515,000
2025	5.00%	37,875	25,875	480,000	1,035,000
2026	5.00%	25,875	13,250	505,000	530,000
2027	5.00%	13,250	-	530,000	-
Total		<u>\$ 1,396,191</u>	<u>\$ 1,255,242</u>	<u>\$ 5,955,000</u>	

**CITY OF WESLACO, TEXAS  
GENERAL OBLIGATION REFUNDING BONDS SERIES 2010  
(TARGET SAVINGS)  
AS OF SEPTEMBER 30, 2011**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 1-Feb	Outstanding 30-Sep
		1-Feb	1-Aug		
2011		\$ -	\$ -	\$ -	\$ 3,603,916
2012	3.10%	55,861	50,158	367,908	3,236,008
2013	3.10%	50,158	44,271	379,776	2,856,232
2014	3.10%	44,272	38,262	387,688	2,468,544
2015	3.10%	38,262	31,088	462,852	2,005,692
2016	3.10%	31,088	23,730	474,720	1,530,972
2017	3.10%	23,730	16,065	494,500	1,036,472
2018	3.10%	16,065	8,155	510,324	526,148
2019	3.10%	8,155	-	526,148	-
Total		<u>\$ 267,591</u>	<u>\$ 211,729</u>	<u>\$ 3,603,916</u>	

**CITY OF WESLACO, TEXAS  
GENERAL OBLIGATION REFUNDING BONDS-SERIES 2002  
WATER AND SEWER FUND  
AS OF SEPTEMBER 30, 2011**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2011		\$ -	\$ -	\$ -	\$ 349,200
2012	3.625%	6,550	4,494	113,400	235,800
2013	3.750%	4,494	2,267	118,800	117,000
2014	3.875%	<u>2,267</u>	<u></u>	<u>117,000</u>	-
Total		<u>\$ 13,311</u>	<u>\$ 6,761</u>	<u>\$ 349,200</u>	



**CITY OF WESLACO, TEXAS**  
**TAX & WATERWORKS & SEWER SYSTEM SURPLUS REVENUE**  
**CERTIFICATES OF OBLIGATION, SERIES 2007**  
**AS OF SEPTEMBER 30, 2011**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2011		\$ -	\$ -	\$ -	\$ 21,120,000
2012	4.00%	510,324	503,224	355,000	20,765,000
2013	4.00%	503,224	495,824	370,000	20,395,000
2014	4.00%	495,824	487,724	405,000	19,990,000
2015	4.13%	487,724	472,049	760,000	19,230,000
2016	4.13%	472,049	455,653	795,000	18,435,000
2017	4.25%	455,653	438,015	830,000	17,605,000
2018	5.25%	438,015	415,178	870,000	16,735,000
2019	5.25%	415,178	378,690	1,390,000	15,345,000
2020	4.70%	378,690	340,973	1,605,000	13,740,000
2021	4.70%	340,973	301,375	1,685,000	12,055,000
2022	5.00%	301,375	257,250	1,765,000	10,290,000
2023	5.00%	257,250	210,875	1,855,000	8,435,000
2024	5.00%	210,875	162,125	1,950,000	6,485,000
2025	5.00%	162,125	110,750	2,055,000	4,430,000
2026	5.00%	110,750	56,750	2,160,000	2,270,000
2027	5.00%	56,750	-	2,270,000	
Total		<u>\$ 5,596,779</u>	<u>\$ 5,086,455</u>	<u>\$ 21,120,000</u>	

**CITY OF WESLACO, TEXAS  
GENERAL OBLIGATION REFINANCING BONDS SERIES 2010  
(TARGET SAVINGS)  
AS OF SEPTEMBER 30, 2011**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 1-Feb	Outstanding 30-Sep
		1-Feb	1-Aug		
2011		\$ -	\$ -	\$ -	\$ 951,084
2012	3.10%	14,741	13,237	97,092	853,992
2013	3.10%	13,237	11,684	100,224	753,768
2014	3.10%	11,684	10,098	102,312	651,456
2015	3.10%	10,098	8,205	122,148	529,308
2016	3.10%	8,205	6,262	125,280	404,028
2017	3.10%	6,263	4,240	130,500	273,528
2018	3.10%	4,240	2,152	134,676	138,852
2019	3.10%	<u>2,152</u>	<u></u>	<u>138,852</u>	-
Total		<u>\$ 70,620</u>	<u>\$ 55,878</u>	<u>\$ 951,084</u>	

**CITY OF WESLACO, TEXAS**  
**WATERWORKS AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2010**  
**AS OF SEPTEMBER 30, 2011**

Fiscal Year	Interest Rate	Interest Payment		Principal Due	Outstanding
		1-Dec	1-Jun	1-Dec	30-Sep
2011		\$ -	\$ -	\$ -	\$ 2,845,000
2012	3.19%	45,378	39,397	375,000	2,470,000
2013	3.19%	39,396	33,335	380,000	2,090,000
2014	3.19%	33,336	27,115	390,000	1,700,000
2015	3.19%	27,115	20,575	410,000	1,290,000
2016	3.19%	20,575	13,876	420,000	870,000
2017	3.19%	13,877	7,018	430,000	440,000
2018	3.19%	7,018		440,000	-
Total		<u>\$ 186,695</u>	<u>\$ 141,316</u>	<u>\$ 2,845,000</u>	

**CITY OF WESLACO, TEXAS  
TAX & WATERWORKS & SEWER SYSTEM SURPLUS REVENUE  
CERTIFICATES OF OBLIGATION, SERIES 2007  
AS OF SEPTEMBER 30, 2011**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2011		\$ -	\$ -	\$ -	\$ 170,000
2012	4.00%	3,400	2,300	55,000	115,000
2013	4.00%	2,300	1,200	55,000	60,000
2014	4.00%	<u>1,200</u>		<u>60,000</u>	-
Total		<u>\$ 6,900</u>	<u>\$ 3,500</u>	<u>\$ 170,000</u>	

**CITY OF WESLACO, TEXAS**  
**ECONOMIC DEVELOPMENT SALES TAX REVENUE BONDS**  
**SERIES 2003A**  
**AS OF SEPTEMBER 30, 2011**

Fiscal Year	Bond Numbers	Interest Rate	Interest Payment		Principal Due	Principal Outstanding
			15-Feb	15-Aug	15-Feb	30-Sep
2011			\$ -	\$ -	\$ -	\$ 2,945,000
2012		5.25%	82,350	78,075	180,000	2,765,000
2013		5.25%	78,075	73,088	190,000	2,575,000
2014		5.25%	73,088	67,838	200,000	2,375,000
2015		5.25%	67,838	62,325	210,000	2,165,000
2016		5.25%	62,325	56,550	220,000	1,945,000
2017		5.25%	56,550	50,381	235,000	1,710,000
2018		5.25%	50,381	43,950	245,000	1,465,000
2019		6.00%	43,950	36,150	260,000	1,205,000
2020		6.00%	36,150	27,900	275,000	930,000
2021		6.00%	27,900	19,200	290,000	640,000
2022		6.00%	19,200	9,900	310,000	330,000
2023		6.00%	9,900		330,000	-
			<u>\$ 607,707</u>	<u>\$ 525,357</u>	<u>\$ 2,945,000</u>	

**CITY OF WESLACO, TEXAS**  
**ECONOMIC DEVELOPMENT SALES TAX REVENUE REFUNDING BONDS**  
**SERIES 2011A**  
**AS OF SEPTEMBER 30, 2011**

Fiscal Year	Bond Numbers	Interest Rate	Interest Payment		Principal Due	Principal Outstanding
			15-Feb	15-Aug	15-Feb	30-Sep
2011			\$ -	\$ -	\$ -	\$ 1,090,000
2012		4.470%	34,241	24,361		1,090,000
2013		4.470%	24,361	24,361		1,090,000
2014		4.470%	24,361	18,550	260,000	830,000
2015		4.470%	18,550	12,516	270,000	560,000
2016		4.470%	12,516	6,258	280,000	280,000
2017		4.470%	<u>6,258</u>	<u></u>	<u>280,000</u>	-
			<u>\$ 120,287</u>	<u>\$ 86,046</u>	<u>\$ 1,090,000</u>	

**CITY OF WESLACO, TEXAS**  
**ECONOMIC DEVELOPMENT SALES TAX REVENUE BONDS**  
**SERIES 2011B**  
**AS OF SEPTEMBER 30, 2011**

Fiscal Year	Bond Numbers	Interest Rate	Interest Payment		Principal Due 15-Feb	Principal Outstanding 30-Sep
			15-Feb	15-Aug		
2011			\$ -	\$ -	\$ -	\$ 1,290,000
2012		3.840%	34,813	24,768		1,290,000
2013		3.840%	24,768	24,768		1,290,000
2014		3.840%	24,768	24,768		1,290,000
2015		3.840%	24,768	24,768		1,290,000
2016		3.840%	24,768	24,768		1,290,000
2017		3.840%	24,768	24,480	15,000	1,275,000
2018		3.840%	24,480	18,624	305,000	970,000
2019		3.840%	18,624	12,672	310,000	660,000
2020		3.840%	12,672	6,432	325,000	335,000
2021		3.840%	6,432		335,000	-
			<u>\$ 220,861</u>	<u>\$ 186,048</u>	<u>\$ 1,290,000</u>	

**PART III**

**STATISTICAL SECTION**



**CITY OF WESLACO, TEXAS**  
**NET ASSETS BY COMPONENT**  
**LAST FIVE FISCAL YEARS**  
(Accrual Basis of Accounting)

Table I

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Governmental activities					
Invested in capital assets, net of related debt	\$ (5,007,449)	\$ 438,179	\$ 9,749,470	\$ 12,006,633	\$ 14,042,568
Restricted	11,810,520	6,474,762	8,335,324	6,455,866	6,259,134
Unrestricted	2,123,912	535,440	1,568,080	1,591,672	1,330,224
Total governmental activities net assets	<u>\$ 8,926,983</u>	<u>\$ 7,448,381</u>	<u>\$ 19,652,874</u>	<u>\$ 20,054,171</u>	<u>\$ 21,631,926</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 2,905,484	\$ 6,190,908	\$ 11,808,483	\$ 21,631,773	\$ 25,204,572
Restricted	23,249,701	20,642,296	14,231,044	4,875,514	1,054,121
Unrestricted	463,253	(971,432)	1,076,733	1,479,750	2,533,841
Total business-type activities net assets	<u>\$ 26,618,438</u>	<u>\$ 25,861,772</u>	<u>\$ 27,116,260</u>	<u>\$ 27,987,037</u>	<u>\$ 28,792,534</u>
Primary Government					
Invested in capital assets, net of related debt	\$ (2,101,965)	\$ 6,629,087	\$ 21,557,953	\$ 33,638,406	39,247,140
Restricted	35,060,221	27,117,058	22,566,368	11,331,380	7,313,255
Unrestricted	2,587,165	(435,992)	2,644,813	3,071,422	3,864,065
Total primary government net assets	<u>\$ 35,545,421</u>	<u>\$ 33,310,153</u>	<u>\$ 46,769,134</u>	<u>\$ 48,041,208</u>	<u>\$ 50,424,460</u>

Note: The City of Weslaco began to report accrual information when it implemented GASB 34 in fiscal year 2003.

**CITY OF WESLACO, TEXAS**  
**CHANGES IN NET ASSETS**  
**LAST FIVE FISCAL YEARS**  
(Accrual Basis of Accounting)

Table II

	2007	2008	2009	2010	2011
<b>Expenses</b>					
Governmental activities:					
General government	\$ 4,773,130	\$ 2,618,476	\$ 3,710,070	\$ 4,307,902	\$ 4,426,526
Public safety	10,602,820	13,173,159	12,486,600	12,676,095	11,562,667
Emergency medical service	443,243	-	-	343,818	398,347
Public works	2,147,216	1,567,815	1,843,346	1,870,276	2,669,907
Health	130,130	135,502	127,044	132,612	104,426
Culture and recreation	1,650,424	1,815,439	2,484,004	2,486,171	1,144,997
Development services	3,249,338	1,847,396	4,994,533	3,358,829	3,101,439
Interest on long-term debt	1,425,639	5,735,318	1,488,868	1,478,830	1,452,443
Total governmental activities expenses	24,421,940	26,893,105	27,134,465	26,654,533	24,860,752
Business-type activities:					
Water and sewer	6,392,983	10,726,658	7,662,631	7,433,263	7,768,721
Sanitation	3,083,417	3,480,521	3,468,755	3,517,000	3,863,097
Airport	565,703	1,092,428	564,958	532,828	532,689
Total business-type activities expenses	10,042,103	15,299,607	11,696,344	11,483,091	12,164,507
Total primary government expenses	\$ 34,464,043	\$ 42,192,712	\$ 38,830,809	\$ 38,137,624	\$ 37,025,259
<b>Program Revenues</b>					
Governmental activities:					
Fees, fines, and charges for services:					
General government	\$ 1,311,453	\$ 3,471,856	\$ 406,099	\$ 370,890	\$ 363,068
Public Safety	116,703	1,217,389	1,912,015	933,006	695,632
Emergency medical services	581,732	-	-	976,166	948,437
Other activities	468,712	187,056	404,985	372,935	260,053
Operating grants and contributions	979,980	1,186,137	81,000	-	-
Capital grants and contributions	154	-	917,556	702,133	500,163
Total governmental activities program revenues	3,458,734	6,062,438	3,721,655	3,355,130	2,767,353
Business-type activities:					
Charges for services:					
Water and sewer	7,090,033	8,630,895	8,993,459	8,719,988	9,411,060
Sanitation	3,525,482	3,579,091	3,992,622	4,215,582	4,127,015
Airport	135,742	518,288	112,917	186,184	111,261
Operating grants and contributions	603,306	121,040	20,267	8,098	-
Capital grants and contributions	183,820	-	224,315	80,875	154,017
Total business-type activities program revenues	11,538,383	12,849,314	13,343,580	13,210,727	13,803,353
Total primary government program revenues	\$ 14,997,117	\$ 18,911,752	\$ 17,065,235	\$ 16,565,857	\$ 16,570,706
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (20,963,206)	\$ (20,830,667)	\$ (23,412,810)	\$ (23,299,403)	\$ (22,093,399)
Business-type activities	1,496,280	(2,450,293)	1,647,236	1,727,636	1,638,846
Total primary government net expense	\$ (19,466,926)	\$ (23,280,960)	\$ (21,765,574)	\$ (21,571,767)	\$ (20,454,553)

**CITY OF WESLACO, TEXAS**  
**CHANGES IN NET ASSETS**  
**LAST FIVE FISCAL YEARS**  
(Accrual Basis of Accounting)

Table III

**GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS**

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Governmental activities:					
Taxes:					
Ad valorem	\$ 7,443,962	\$ 16,449,025	\$ 9,752,261	\$ 9,729,729	\$ 9,632,751
Sales	8,599,413	2,656,019	9,175,453	9,218,352	9,864,624
Occupancy	433,603	-	403,467	359,421	358,390
Other	32,908	-	57,047	71,255	71,488
Franchise fees	1,314,100	-	1,418,405	1,414,910	1,653,298
Intergovernmental	105,411	-	143,800	144,499	77,375
Investment earnings	479,206	447,930	226,519	139,903	64,147
Gain (loss) on sale/retirement of capital assets	348,144	(398,361)	482,859	(115,940)	100,339
Miscellaneous	388,842	415,452	433,260	348,954	301,972
Rescindment of contingency					550,000
Transfers	2,480,094	(218,000)	2,403,930	1,475,209	996,770
Total governmental activities	<u>21,625,683</u>	<u>19,352,065</u>	<u>24,497,001</u>	<u>22,786,292</u>	<u>23,671,154</u>
Business-type activities					
Investment earnings	168,484	916,833	849,733	618,350	109
Transfers	(2,480,094)	218,000	(2,403,930)	(1,475,209)	(996,770)
Total business-type activities	<u>(2,311,610)</u>	<u>1,134,833</u>	<u>(1,554,197)</u>	<u>(856,859)</u>	<u>(996,661)</u>
Total primary government	<u>\$ 19,314,073</u>	<u>\$ 20,486,898</u>	<u>\$ 22,942,804</u>	<u>\$ 21,929,433</u>	<u>\$ 22,674,493</u>
<b>Change in Net Assets</b>					
Governmental activities	\$ 662,477	\$ (1,478,602)	\$ 1,084,191	\$ (513,111)	\$ 1,577,755
Business-type activities	(815,330)	(1,315,370)	93,039	870,777	642,185
Total primary government	<u>\$ (152,853)</u>	<u>\$ (2,793,972)</u>	<u>\$ 1,177,230</u>	<u>\$ 357,666</u>	<u>\$ 2,219,940</u>
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
General Fund					
Reserved	\$ 49,087	\$ -	\$ 61,244	\$ 69,467	\$ 57,391
Unreserved	529,424	(213,081)	900,326	(104,146)	779,427
Total general fund	<u>\$ 578,511</u>	<u>\$ (213,081)</u>	<u>\$ 961,570</u>	<u>\$ (34,679)</u>	<u>\$ 836,818</u>
All Other Governmental Funds					
Reserved	\$ 1,195,145	\$ 5,642,293	\$ 1,286,791	\$ 1,505,458	\$ 1,618,055
Unreserved, reported in:					
Special revenue funds	3,042,247	2,792,788	3,824,971	3,748,561	4,718,358
Capital projects funds	7,753,339	-	2,261,992	1,236,526	1,206,560
Unrestricted					
Total all other governmental funds	<u>\$ 11,990,731</u>	<u>\$ 8,435,081</u>	<u>\$ 7,373,754</u>	<u>\$ 6,490,545</u>	<u>\$ 7,542,973</u>

Note: The City began to report accrual information when it implemented GASB statement 34 in fiscal year 2003.

**CITY OF WESLACO, TEXAS**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST FIVE FISCAL YEARS**  
(Modified Accrual Basis of Accounting)

Table IV  
(Page 1 of 2)

	2007	2008	2009	2010	2011
<b>Revenues</b>					
Taxes:					
Ad valorem	\$ 7,102,727	\$ 16,339,978	\$ 9,302,285	\$ 9,369,933	\$ 9,492,754
Penalty and interest	293,589	109,047	402,066	347,496	354,830
Sales	8,599,413	2,656,019	9,175,453	9,218,352	9,864,624
Occupancy	433,603	-	403,467	359,421	358,390
Other	32,908	-	57,047	71,255	71,488
Franchise fees	1,314,100	-	1,418,405	1,414,910	1,653,298
Charges for services	2,857,551	3,471,856	3,752,129	2,905,104	2,565,294
Program income	468,712	-	62,604	109,445	150,054
Intergovernmental	588,535	1,373,193	1,142,356	846,632	577,538
Licenses and permits	490,788	489,883	406,099	370,890	363,068
Investment income	478,815	447,930	226,507	139,903	64,147
Fines and forfeitures	757,695	727,506	690,602	583,066	463,778
Contributions	154	-	1,954	8,500	142
Miscellaneous	716,842	415,452	431,306	340,454	301,830
Proceeds from sales	2,354,819	-	905,434	131,825	367,174
Total revenues	26,490,251	26,030,864	28,377,714	26,217,186	26,648,409
<b>Expenditures</b>					
General government	3,276,336	5,131,719	3,484,006	3,637,628	4,310,348
Public Safety	10,752,116	13,173,159	12,486,212	12,725,966	11,664,128
Public Works	1,748,968	1,567,815	1,468,756	1,390,192	1,342,074
Health	126,393	135,502	123,307	128,875	100,315
Culture and recreation	1,405,479	1,815,439	2,291,653	2,410,330	1,073,525
Economic development	2,708,077	7,218,808	4,376,933	3,633,445	2,171,025
Nondepartmental	544,839	-	541,759	779,286	684,020
Capital outlay	4,073,761	307,097	1,879,830	9,608,984	633,058
Debt service					
Principal	1,837,290	4,177,910	1,590,747	1,682,179	9,628,025
Interest and fiscal charges	1,435,439	1,568,706	1,500,160	1,490,122	1,420,192
Contingency expense	550,000	-	-	-	-
Total expenditures	28,458,698	35,096,155	29,743,363	37,487,007	33,026,710
Excess of revenues over (under) expenditures	(1,968,447)	(9,065,291)	(1,365,649)	(11,269,821)	(6,378,301)

**CITY OF WESLACO, TEXAS**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST FIVE FISCAL YEARS**  
(Modified Accrual Basis of Accounting)

Table IV  
(Page 1 of 2)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Other Financing Sources (Uses)</b>					
Debt proceeds	\$ 6,105,000	\$ 1,220,131	\$ 1,300,000	\$ -	\$ 9,044,918
Debt issuance costs	(105,000)	-	(120,076)		(101,814)
Bond interest	-	3,715,918	-		
Volunteer separation expense				(611,900)	
Proceeds from 380 Agreements				7,629,307	
380 Agreement expenditures					(912,644)
Transfers in	1,036,129	-	525,775	164,040	
Transfers out	(483,325)	(218,000)	(310,180)	(4,339)	(200,000)
Total other financing sources (uses)	<u>6,552,804</u>	<u>4,718,049</u>	<u>1,395,519</u>	<u>7,177,108</u>	<u>7,830,460</u>
Net change in fund balances	<u>\$ 4,584,357</u>	<u>\$ (4,347,242)</u>	<u>\$ 29,870</u>	<u>\$ (4,092,713)</u>	<u>\$ 1,452,159</u>
Debt service as a percentage of noncapital expenditures	13.4%	16.5%	11.1%	11.4%	34.1%

Note: The City began to report accrual information when it implemented GASB statement 34 in fiscal year 2003.

**CITY OF WESLACO, TEXAS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Table V

<b>Fiscal Year Ended September 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2002	\$ 5,614,216	\$ 5,045,013	89.86%	\$ 439,484	\$ 5,484,497	97.69%
2003	5,749,544	5,315,241	92.45%	323,182	5,638,423	98.07%
2004	5,734,805	5,303,677	92.48%	311,038	5,614,715	97.91%
2005	6,139,744	5,659,936	92.19%	270,432	5,930,368	96.59%
2006	6,451,289	6,021,477	93.34%	184,509	6,205,986	96.20%
2007	6,982,074	6,555,427	93.89%	214,183	6,769,610	96.96%
2008	7,667,715	7,171,489	93.53%	387,236	7,558,725	98.58%
2009	8,920,936	8,518,972	95.49%	647,906	9,166,878	102.76%
2010	9,249,698	8,628,830	93.29%	593,254	9,222,084	99.70%
2011	9,310,540	8,704,523	93.49%	579,960	9,284,483	99.72%

**CITY OF WESLACO, TEXAS**  
**ASSESSED VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

Table VI

<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Tax-Exempt</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Overlapping Tax Rate</b>
2002	\$ 384,247,929	\$ 365,218,113	\$ 199,174,144	\$ 749,466,042	2.9031
2003	404,568,844	401,083,324	199,196,476	805,652,168	2.5638
2004	426,892,896	417,210,584	212,997,074	844,103,480	2.9760
2005	441,511,544	468,256,630	226,814,960	909,768,174	2.9669
2006	506,062,673	447,666,328	243,504,504	953,729,001	2.9611
2007	559,681,854	478,189,081	295,278,641	1,037,870,935	2.8666
2008	641,361,248	512,587,048	313,753,593	1,153,948,296	2.6438
2009	756,407,311	588,374,568	345,797,678	1,344,781,879	2.6954
2010	777,550,051	623,626,057	351,568,233	1,401,176,108	2.6978
2011	773,012,581	638,233,550	352,481,585	1,411,246,131	2.6978

Source: Hidalgo County Appraisal District

Table VII  
(Page 2 of 2)

**CITY OF WESLACO, TEXAS**  
**PROPERTY TAX RATES AND TAX LEVIES-ALL OVERLAPPING GOVERNMENTS**  
**LAST TEN FISCAL YEARS**

		City Direct Rates			
Fiscal Year	Tax Year	Maintenance and Operation	Interest and Sinking	(Per \$100) City	
PROPERTY TAX RATES					
2002	2001	\$ 0.4900	\$ 0.2891	\$	0.7791
2003	2002	0.5050	0.2309		0.7359
2004	2003	0.4786	0.2209		0.6995
2005	2004	0.5091	0.1904		0.6995
2006	2005	0.4963	0.2032		0.6995
2007	2006	0.5065	0.1930		0.6995
2008	2007	0.5153	0.1814		0.6997
2009	2008	0.5210	0.1757		0.6997
2010	2009	0.5152	0.1815		0.6967
2011	2010	0.5152	0.1815		0.6967
TAX LEVIES					
2002	2001			\$	5,614,216
2003	2002				5,749,544
2004	2003				5,734,805
2005	2004				6,139,744
2006	2005				6,451,289
2007	2006				6,982,074
2008	2007				7,667,715
2009	2008				8,881,533
2010	2009				9,276,796
2011	2010				9,366,985

Tax rate is limited by charter to \$2.50 per \$100.

Taxes are due October 1, and become delinquent February 1.

Discounts are not allowed.

Penalty for delinquency is 6% of amount of tax during first month, plus 1% for each additional month delinquent, to a maximum of 12% beginning July 1. Interest is 1% for each month or portion of month the tax remains delinquent.

On July 1, 1982, pursuant to Section 33.07 of the Property Tax Code, an additional penalty of 15% of the taxes, penalty, and interest is added on all taxes delinquent for the 1981 year and subsequent years.

Uncollected taxes are placed in hands of attorney for legal action on February 1, following year of assessment.



Table VII  
(Page 2 of 2)

Overlapping Rates					
(Per \$100) Weslaco School District	South Texas Community College	(Per \$100) Hidalgo County	(Per \$100) Drainage District #1	(Per \$100) South Texas School District	(Per \$100) Total
\$ 1.4300	\$ 0.0897	\$ 0.5195	\$ 0.0456	\$ 0.0392	\$ 2.9031
1.4300	0.1776	0.5900	0.0456	0.0392	3.0183
1.4300	0.1738	0.5900	0.0435	0.0392	2.9760
1.4300	0.1647	0.5900	0.0435	0.0392	2.9669
1.4300	0.1589	0.5900	0.0435	0.0392	2.9611
1.3418	0.1548	0.5900	0.0413	0.0392	2.8666
1.1047	0.1540	0.5900	0.0492	0.0492	2.6438
1.1397	0.1498	0.5900	0.0700	0.0492	2.6954
1.1397	0.1497	0.5900	0.0725	0.0492	2.6978
1.1397	0.1497	0.5900	0.0725	0.0492	2.6978
\$ 12,867,115	\$ 12,749,702	\$ 70,959,997	\$ 5,946,384	\$ 5,589,657	\$ 113,727,071
14,067,955	26,927,038	86,128,712	6,388,052	6,004,776	145,266,077
14,663,742	28,045,487	91,965,820	6,538,099	6,512,984	153,460,937
15,870,637	29,796,163	103,605,172	7,305,724	7,221,751	169,939,191
17,168,408	31,182,415	112,523,012	7,944,984	7,816,538	183,086,646
17,881,783	33,514,193	125,028,182	8,251,877	8,624,663	200,282,772
16,140,097	37,903,742	142,503,382	11,181,038	12,290,736	227,686,710
19,808,237	40,130,123	155,425,414	16,982,072	13,321,253	254,548,632
20,312,260	41,833,109	162,197,402	18,748,048	13,910,184	266,277,799
20,544,560	41,736,459	161,779,404	18,803,344	13,870,003	266,100,755

**CITY OF WESLACO, TEXAS  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO**

Table VIII

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
H E Butt Grocery Company	\$ 38,475,794	1	2.726%	\$ 14,664,076	1	1.96%
Wal-Mart Stores LP #452	12,594,975	2	0.892%	6,779,104	5	0.90%
H E Butt Weslaco Transportation	10,878,712	3	0.771%			
Clearview Weslaco LLP	10,501,271	4	0.744%			
John Knox Villages	8,635,324	5	0.612%	7,990,171	2	1.07%
Reyna, Ezequiel Jr. & Livia	8,626,661	6	0.611%			
AEP Texas Central	8,164,299	7	0.579%			
Weslaco Palm Plaza, LTD	6,747,644	8	0.478%			
2300 Sugar Sweet Realty, LLC	6,410,698	9	0.454%			
Home Depot	6,298,560	10	0.466%			
Verizon Southwest				7,961,370	4	1.06%
Folmer & Associates				7,977,015	3	1.06%
Reyna, Ezequiel Jr.				6,645,485	6	0.89%
Weslaco Distribution Center				6,584,311	7	0.88%
Central Power & Light				6,125,493	8	0.82%
Palm-Aire, Inc.				5,513,014	9	0.74%
Ithaca Investment, LTD				5,031,555	10	0.67%
	<u>\$ 117,333,938</u>		<u>2.73%</u>	<u>\$ 75,271,594</u>		<u>10.05%</u>

Table IX

**CITY OF WESLACO, TEXAS  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
AT SEPTEMBER 30, 2011**

	Gross Debt Less Sinking Fund	Estimated Percentage Debt Applicable to City of Weslaco	City of Weslaco Share of Debt
City of Weslaco, Texas	\$ 54,605,000	100.00%	\$ 54,605,000
Weslaco Independent School District	74,866,000	72.69%	54,420,095
Hidalgo County	185,405,000	4.51%	8,361,766
Hidalgo County Drainage District #1	93,740,000	4.84%	4,537,016
South Texas Community College District	61,389,287	4.62%	<u>2,836,185</u>
			<u><u>\$ 124,760,062</u></u>
Percentage of Assessed Valuation			<u>8.84%</u>
Direct and Overlapping Debt Per Capita			<u>\$ 3,498</u>
Population:	<u>35,670</u>		
Assessed Valuation:	<u>1,411,246,131</u>		

**CITY OF WESLACO, TEXAS  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

Table X  
(Page 1 of 2)

**Legal Debt Margin Calculation fo Fiscal Year 2011**

Assessed value	\$ 1,411,246,131
Debt limit (10% of assessed value)	141,124,613
Debt applicable to limit:	
General obligation bonds	25,032,196
Less: Amount set aside for repayment of general obligation debt	(524,966)
Total net debt applicable to limit	<u>24,507,230</u>
Legal debt margin	<u><u>\$ 116,617,383</u></u>

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Debt limit	\$ 72,060,258	\$ 78,129,405	\$ 81,983,807
Total net debt applicable to limit	<u>12,452,847</u>	<u>25,194,127</u>	<u>24,662,550</u>
Legal debt margin	<u><u>\$ 59,607,411</u></u>	<u><u>\$ 52,935,278</u></u>	<u><u>\$ 57,321,257</u></u>
Total net debt applicable to the limit as a percentage of debt limit	17.28%	32.25%	30.08%

Note: In 1955, the State Legislature enacted the 10% debt limit rate for school districts in Texas and has subsequently been used by municipalities as a general rule in computing debt margin.

**CITY OF WESLACO, TEXAS  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

Table X  
(Page 1 of 2)

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 87,773,309	\$ 92,227,149	\$ 99,815,209	\$ 110,057,628	\$ 127,480,023	\$ 133,153,378	\$ 141,124,613
<u>23,847,724</u>	<u>22,852,031</u>	<u>27,872,725</u>	<u>27,092,739</u>	<u>25,851,763</u>	<u>24,605,645</u>	<u>24,605,645</u>
<u>\$ 63,925,585</u>	<u>\$ 69,375,118</u>	<u>\$ 71,942,484</u>	<u>\$ 82,964,889</u>	<u>\$ 101,628,260</u>	<u>\$ 108,547,733</u>	<u>\$ 116,518,968</u>
27.17%	24.78%	27.92%	24.62%	20.28%	18.48%	17.44%

**CITY OF WESLACO, TEXAS  
PLEDGED-REVENUE COVERAGE  
LAST TEN FISCAL YEARS**

Table XI

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Plus: CIP Fee (1) Non-Operating	Net Available Revenue	Debt Service		Coverage
					Principal	Interest	
2002	\$ 5,645,074	\$ 4,127,486	\$ 481,681	\$ 1,999,269	\$ 700,000	\$ 299,797	2.00
2003	5,170,164	4,318,724	524,705	1,376,145	725,000	270,366	1.38
2004	5,300,765	5,262,723	551,517	589,559	545,000	244,308	0.75
2005	7,005,742	5,116,708	562,677	2,451,711	565,000	222,245	3.11
2006	7,647,543	5,490,379	591,140	2,748,304	585,000	199,335	3.50
2007	7,244,451	6,051,989	603,306	1,795,768	310,000	181,603	3.65
2008	7,724,198	6,696,352	631,599	1,659,445	300,000	169,785	3.53
2009	8,073,294	6,824,120	1,512,121	2,761,295	315,000	157,635	5.84
2010	7,846,367	5,990,804	1,245,183	3,100,746	325,000	144,673	6.60
2011	8,789,754	6,094,985	621,415	3,316,184	542,298	64,930	5.46

- (1) The Waterworks and Sewer System Revenue Bonds, Series 1998 that were issued on September 23, 1998 in the amount of \$5,930,000 have been refunded with the 2010 General Obligation Bond Series (Target Savings) for \$1,075,082, and the Waterworks and Sewer System Revenue Refunding Bond Series 2010 for \$2,845,120. These bonds will be paid from a CIP fee that has been charged to customers since June 1, 1996. This fee is to remain in place until the debt related to the new sewer plant on the south side of town has been paid for. The CIP fee is recognized as non-operating revenue.

This table has been modified to reflect this source of funds.

- \* The Revenue Coverage computation does not include the 2007 Certificate of Obligation issue of \$21,710,000. This issue is a surplus Revenue Certificate of Obligation and does not meet the requirement to be included in the computation for pledged revenue coverage. If considered in the computation, the coverage would be 1.22.

**CITY OF WESLACO, TEXAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST FIVE FISCAL YEARS**

Table XII  
(Page 1 of 2)

<b>Fiscal Year</b>	<b>General Bonded Debt</b>			<b>Percentage of Actual Taxable Value of Property</b>
	<b>General Obligation Bonds</b>	<b>Certificates of Obligation</b>	<b>Water District Debt Assumed</b>	
2007	\$ 3,126,400	\$ 25,018,352	\$ -	2.81%
2008	2,531,200	24,566,872	-	2.71%
2009	1,913,600	24,229,568	-	1.94%
2010	1,276,800	23,755,396	-	1.79%
2011	620,800	23,223,916		1.689%

<b>Fiscal Year</b>	<b>Business-Type Activities</b>			
	<b>General Obligation Bonds</b>	<b>Certificates of Obligation</b>	<b>Revenue Bonds</b>	<b>Notes Payable</b>
2007	\$ 1,758,600	\$ 4,075,000	\$ 23,366,648	\$ -
2008	1,423,800	3,775,000	23,238,128	-
2009	1,076,400	3,460,000	23,065,432	-
2010	718,200	3,135,000	22,724,604	
2011	1,300,284	2,845,000	21,290,000	

Note: The City began to report accrual information when it implemented GASB statement 34 in fiscal year 2003.

**CITY OF WESLACO, TEXAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST FIVE FISCAL YEARS**

Table XII  
(Page 1 of 2)

<b>Per Capita</b>	<b>Other Governmental Activities Debt</b>	
	<b>Arbitrage Payable</b>	<b>Compensated Absences</b>
877.00	\$ -	\$ 2,141,726
844.39	-	2,274,848
783.81	-	2,725,440
721.37	-	2,319,506
668.48	-	1,912,606

<b>Economic Development Sales Tax</b>		<b>Notes Payable</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
<b>Revenue Bonds</b>					
\$ 6,260,000	\$ 1,251,099	\$	66,997,825	11.73%	2,088
5,600,000	-		63,409,848	13.96%	1,976
5,015,000	-		61,485,440	12.27%	1,868
4,595,000	-		58,524,506	12.27%	1,868
5,325,000	974,323		57,491,929	6.57%	965



**CITY OF WESLACO, TEXAS  
TAXABLE SALES BY INDUSTRY  
LAST FIVE CALENDAR YEARS**

Table XIII

	Calendar Year				
	2006	2007	2008	2009	2010
Accommodation and food services	\$ 54,959,576	\$ 59,744,975	\$ 63,712,076	\$ 66,500,272	\$ 70,735,449
Administration, support, waste management, and remediation	8,607,798	7,496,343	6,010,391	3,434,638	1,730,296
Agriculture, Forestry, Fishing, Hunting	13,895	1,060	-	10	-
Arts, entertainment, and recreation	1,267,988	771,049	649,832	610,900	780,044
Construction	1,132,716	1,282,144	1,085,666	835,222	998,716
Education	5,974	14,756	14,608	27,003	17,608
Finance and insurance	1,480,900	1,770,635	1,928,421	1,966,880	2,172,227
Health care and social assistance	349,339	357,884	365,439	305,582	696,535
Information	12,253,568	6,747,785	6,441,066	7,063,176	6,916,201
Manufacturing	3,830,005	5,211,076	5,366,141	2,568,436	2,301,576
Other	12,170	14,532	19,758	24,022	16,125
Other services	8,645,092	8,322,955	7,015,451	8,371,356	8,923,286
Professional, scientific and technical	1,297,799	892,992	997,224	799,762	891,767
Real estate, rental and leasing	26,148,015	30,452,578	24,776,580	11,531,735	3,062,869
Retail trade	202,759,881	221,207,383	239,908,678	251,829,708	275,128,934
Transportation and warehousing	1,368,621	1,357,532	1,557,971	205,606	1,417,200
Wholesale trade	11,048,557	10,173,988	15,516,848	9,022,657	8,358,327
Total	<u>\$ 335,181,894</u>	<u>\$ 355,819,667</u>	<u>\$ 375,366,150</u>	<u>\$ 365,096,965</u>	<u>\$ 384,147,160</u>
City direct sales tax rate	2.00%	2.00%	2.00%	2.00%	2.00%

Source: Texas State Comptroller

Note: Prior years are not available due to changes in classifications implemented by the Comptroller's office.

**CITY OF WESLACO, TEXAS**  
**SALES TAX REVENUE PAYERS BY INDUSTRY**  
**CALENDAR YEARS 2010 AND 2006**

Table XIV  
 (Page 1 of 2)

	<b>2010</b>			
	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Tax Liability</b>	<b>Percentage of Total</b>
Accommodation and food services	118	14.64%	\$ 1,414,709	18.4%
Administration, support, waste management, and remediation	41	5.09%	34,606	0.5%
Agriculture, forestry, fishing, hunting	3	0.37%	-	0.0%
Arts, entertainment, and recreation	10	1.24%	15,601	0.2%
Construction	37	4.59%	19,974	0.3%
Education	2	0.25%	352	0.0%
Finance and insurance	17	2.11%	43,445	0.6%
Health care and social assistance	11	1.36%	13,931	0.2%
Information	23	2.85%	138,324	1.8%
Manufacturing	30	3.72%	46,032	0.6%
Other	11	1.36%	323	0.0%
Other services	78	9.68%	178,466	2.3%
Professional, scientific and technical	39	4.84%	17,835	0.2%
Real estate, rental and leasing	14	1.74%	61,257	0.8%
Retail trade	340	42.18%	5,502,579	71.6%
Transportation and warehousing	6	0.74%	28,344	0.4%
Wholesale trade	26	3.23%	167,167	2.2%
Total	<u>806</u>	<u>100.00%</u>	<u>\$ 7,682,945</u>	<u>100.00%</u>

Source: Texas State Comptroller

Note: The tax liability was calculated from amounts reported by the Comptroller's Office as sales subject to sales tax. Because of amounts retained by the state for administration and timing differences due to accounts under audit, the totals will not necessarily compare with actual sales tax rebates received by the City.

**CITY OF WESLACO, TEXAS**  
**SALES TAX REVENUE PAYERS BY INDUSTRY**  
**CALENDAR YEARS 2010 AND 2006**

Table XIV  
 (Page 1 of 2)

<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>2006</b>	
		<b>Tax Liability</b>	<b>Percentage of Total</b>
118	16.60%	\$ 1,099,192	16.40%
43	6.05%	172,156	2.57%
2	0.28%	278	0.00%
10	1.41%	25,360	0.38%
36	5.06%	22,654	0.34%
2	0.28%	119	0.00%
16	2.25%	29,618	0.44%
7	0.98%	6,987	0.10%
13	1.83%	245,071	3.66%
21	2.95%	76,600	1.14%
10	1.41%	243	0.00%
71	9.99%	172,902	2.58%
26	3.66%	25,956	0.39%
14	1.97%	522,960	7.80%
293	41.21%	4,055,198	60.49%
4	0.56%	27,372	0.41%
25	3.52%	220,971	3.30%
<b>711</b>	<b>100.00%</b>	<b>\$ 6,703,637</b>	<b>100.00%</b>

**CITY OF WESLACO, TEXAS  
DIRECT AND OVERLAPPING SALES TAX RATES  
LAST TEN FISCAL YEARS**

Table XV

<b>Fiscal Year</b>	<b>City Direct Rate</b>	<b>State Rate</b>	<b>Total Tax Rate</b>
2002	2.00%	6.25%	8.25%
2003	2.00%	6.25%	8.25%
2004	2.00%	6.25%	8.25%
2005	2.00%	6.25%	8.25%
2006	2.00%	6.25%	8.25%
2007	2.00%	6.25%	8.25%
2008	2.00%	6.25%	8.25%
2009	2.00%	6.25%	8.25%
2010	2.00%	6.25%	8.25%
2011	2.00%	6.25%	8.25%

**CITY OF WESLACO, TEXAS  
MISCELLANEOUS STATISTICAL FACTS  
SEPTEMBER 30, 2011**

Table XVI

<b>Date of Incorporation :</b>	1919		
<b>Date of Adoption of City Charter:</b>	December 14, 1927		
<b>Form of Government:</b>	Commissioner-Manager		
<b>Area:</b>	14.12 Square Miles		
<b>Miles of Street:</b>		<b>City:</b>	
Graded	1.65	Number of City Employees	260
Paved	97.54	Number of Street Lights	1,600
<b>Miles of Sewers:</b>		<b>Municipal Water Plant:</b>	
Storm	50.94	Number of Connections	11,468
Sanitary	118.01	Miles of Water Mains	126.0
<b>Building Permits:</b>		<b>Average Daily :</b>	<b>Gallons</b>
Permits Issued	2,088	Consumption	6,010,074
Estimated Cost	\$ 32,984,382	Daily Plant Capacity	7,900,000
<b>Fire Protection:</b>		Water Sold for Year	2,193,677,000
Number of Stations	3	<b>Population :</b>	
Number of Employees	68	1940(census)	6,883
Number of Volunteers	-	1950(census)	7,487
<b>Police Protection:</b>		1960(census)	15,649
Number of Sub-stations	1	1970(census)	15,313
Number of Stations	1	1980(census)	19,331
Number of Employees	77	1990(census)	25,608
<b>Recreation:</b>		2000(census)	26,935
Parks-Numbers of Acres	153.53	2010 Estimate	35,670
Skateboard Parks	1	<b>Number of Hospitals:</b>	1
Tennis Courts	6	233 Beds	
Golf Courses	2	<b>Airports:</b>	1
Swimming Pools	2		
Parks	6		
<b>Education:</b>			
Mid Valley Christian School PK-6th Grade Established 1974		First Christian Academy PK-6th Grade Established 2006	
San Martin Catholic School PK-6th Grade Established 1998		Horizon Montessori II Technology Education Charter High School	
Valley Grande Adventist Academy Grades 9-12 Established 1937		Valley Grande Institute South Texas Community College	
Valley Grande Elementary PK-8th Grade		South Texas Vo-Tech	
Weslaco I.S.D. (Student Population 16,185)			
High School		3	
Alternative Schools		2	
Middle Schools		4	
Elementary Schools		10	
Other Independent School Districts:			
IDEA Public Schools, Grades Pre-K-12			
South Texas ISD, Grades 9-12			
<b>Source:</b>			
City of Weslaco			
Finance Department			

**CITY OF WESLACO, TEXAS  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS**

Table XVII

<b>Calendar Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2002	27,967	\$ 411,198,801	14,703	15.6%
2003	30,231	434,449,701	14,371	16.6%
2004	30,416	468,528,064	15,404	13.3%
2005	30,416	508,525,104	16,719	7.2%
2006	31,442	539,041,648	17,144	6.5%
2007	32,092	571,365,968	17,804	7.3%
2008	32,092	571,365,968	17,804	7.3%
2009	33,354	507,814,650	15,225	8.3%
2010	34,701	514,199,418	14,818	5.5%
2011	35,670	530,698,260	14,878	11.3%

Source: Weslaco Economic Development Corporation and the Bureau  
of Economic Analysis

**CITY OF WESLACO, TEXAS**  
**OPERATING INDICATORS AND CAPITAL ASSETS STATISTICS**  
**BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

Table XVIII

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>General government</b>										
Building permits issued	4,203	2,791	2,744	2,764	2,984	2,848	2,361	2,499	2,088	1,964
Building inspections - conducted	5,959	1,439	5,149	4,678	5,391	5,536	5,055	5,264	4,054	3,625
<b>Police</b>										
Physical Arrests-Adults	2,429	2,275	2,263	2,159	2,225	2,585	2,266	2,646	1,733	2,624
Physical Arrests-Juveniles	512	567	537	599	703	651	366	464	674	620
<b>Fire</b>										
Emergency responses	3,368	4,651	5,027	5,488	5,499	6,664	7,235	7,387	6,994	7,044
<b>Library</b>										
Volumes in collection	75,344	77,899	80,239	82,504	75,444	65,569	51,968	63,006	58,246	58,814
Total volumes borrowed	102,322	77,264	78,622	56,251	60,542	56,901	76,057	57,412	57,252	60,876
<b>Water</b>										
New connections	479	380	328	309	290	267	267	221	140	133
Average daily consumption (thousands of gallons)	5,111	4,660	4,550	5,210	5,406	4,385	5,666	5,667	5,765	6,010
Peak daily consumption (thousands of gallons)	8,930	7,330	7,022	7,770	7,741	7,799	8,086	8,307	7,685	8,860
<b>Wastewater</b>										
Average daily sewage treatment (thousands of gallons)	2,978	3,568	3,794	3,590	3,377	3,431	2,080	3,835	4,669	4,133
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Substation	4	4	4	3	3	3	3	2	1	1
Patrol Units							77	79	75	26
<b>Fire stations</b>	3	3	3	3	3	3	3	3	3	3
<b>Other public works</b>										
Street (miles)	91.85	91.85	91.85	91.85	91.85	97.54	97.54	97.54	97.54	97.54
Streetlights	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
<b>Parks &amp; recreation</b>										
Acreage	154.80	154.80	154.80	153.53	153.53	153.53	153.53	153.53	153.53	153.53
Playgrounds	11	11	11	11	11	11	11	11	11	11
Golf courses	1	1	1	1	1	1	1	1	1	1
<b>Water</b>										
Water main (miles)	121.40	121.40	126.00	126.00	126.00	126.00	126.00	126.00	126.00	126.00
Fire hydrants										
Storage capacity (thousands of gallons)	7,900	7,900	7,900	7,900	7,900	7,900	7,900	7,900	2,385	7,900
<b>Wastewater</b>										
Sanitary sewer (miles)	107.17	107.17	107.17	111.67	111.67	118.01	118.01	118.01	118.01	118.01
Storm sewer (miles)	48.24	48.24	48.24	50.94	50.94	50.94	50.94	50.94	50.94	50.94
Treatment capacity (thousands of gallons)	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	7,250	7,250

**CITY OF WESLACO, TEXAS  
PRINCIPAL EMPLOYERS  
2010 AND 2003**

Table XIX

Employer	2010 *			2003 *		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Weslaco Independent School District	2,817	1	44.30%	2,100	1	35.00%
Knapp Medical Center	1,000	2	15.73%	1,200	2	20.00%
Woodcrafters	592	3	9.31%	260	9	4.33%
Payne Auto Group	389	4	6.12%	-		0.00%
City of Weslaco	351	5	5.51%	266	7	4.44%
Wal-Mart	260	6	4.09%	-		0.00%
South Texas College	214	7	3.37%	-		0.00%
H.E.Butt Grocery Company	407	8	6.40%	230	10	3.83%
Foremost Paving	168	9	2.64%	-		0.00%
Valley Grande Manor	161	10	2.53%	-		0.00%
Williamson-Dickie	-		-	734	3	12.23%
McManus, JS Produce	-		-	400	4	6.67%
K-Mart Super Center	-		-	275	5	4.58%
Haggar Clothing Co.	-		-	270	6	4.50%
Caldwell VSR	-		-	265	8	4.42%
Total	6,359		100.00%	6,000		100.00%

Source: Weslaco Economic Development Corporation

\* 2011 and 2004 information not available by Weslaco Economic Development Corporation.



**CITY OF WESLACO, TEXAS**  
**FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**

Table XX

<b>Function</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
General government	50	54	51	50	50	51	54	54	52	38
Legislative	5	5	5	5	5	5	7	7	7	7
Other	45	49	46	45	45	46	47	47	47	29
Public Safety	155	166	175	177	174	175	197	181	181	141
Public Works	20	23	23	27	28	29	29	29	29	25
Health & Welfare	3	3	3	3	3	3	3	3	3	2
Culture & Recreation	37	39	38	38	38	38	39	39	39	3
Refuse collection	23	23	23	15	17	17	17	17	17	4
Library	19	19	20	19	19	19	19	20	20	12
Water	21	21	23	23	23	23	24	19	19	23
Wastewater	9	9	9	9	9	9	8	10	10	0
Airport	4	4	4	4	4	4	4	4	4	4
Museum	1	2	2	2	2	2	2	2	4	0
Total	<u>342</u>	<u>363</u>	<u>371</u>	<u>367</u>	<u>367</u>	<u>370</u>	<u>396</u>	<u>378</u>	<u>378</u>	<u>252</u>

**SCHEDULE OF INSURANCE COVERAGE**

Table XXI  
(Page 1 of 6)

**CITY OF WESLACO, TEXAS  
SCHEDULE OF INSURANCE COVERAGE  
SEPTEMBER 30, 2011**

<u>Insurer</u>	<u>Type of Coverage</u>
CHUBB	Real and Personal Property All risk coverage. \$10,000 deductible \$46,419,429 blanket limit.  Replacement cost loss valuation

Table XXI  
(Page 2 of 6)

Policy Number & Period Covered	Property	Total	Building	Contents
PE-4618832-00				
10/1/09-10/01/10	Airplane Hangar/Maint/Office	\$ 264,265	\$ 264,265	\$ -
	Airport Hangar/Terminal	484,638	434,638	50,000
	Old Terminal Office	35,846	35,846	
	Hanger	653,385	653,385	
	Swimming Pool Bath House	158,729	146,729	12,000
	City Hall/Aux Fire Station	955,085	955,085	
	City Shop	1,168,992	1,043,992	125,000
	General Shop	118,213	86,963	31,250
	Health & Day Center	369,957	369,957	
	Lawn Mower Storage	6,750	6,750	
	Library	3,029,569	2,460,819	568,750
	Meeting Hall	241,511	211,511	30,000
	Museum	779,219	779,219	
	Office Building-Tower	117,482	112,482	5,000
	Office	100,214	87,714	12,500
	Office/Testing Lab	51,836	45,586	6,250
	Police/Fire Station	1,585,319	1,518,624	66,695
	Recreation Building	319,352	314,352	5,000
	Water Tower	580,500	580,500	
	Tower Theatre	118,045	96,170	21,875
	Vehicle Storage	53,091	35,591	17,500
	Elev. Water Tower	769,500	769,500	
	Elev. Water Tower	769,500	769,500	
	Water Plant/Entire Complex	6,831,000	6,831,000	
	Weslaco Recycling Center	498,462	298,462	200,000
	North Wastewater Plant	5,700,000	5,700,000	
	Cemetery Storage Building	115,634	95,634	20,000
	Cemetery Fence	38,000	38,000	
	New PFA Building	5,697,759	5,697,759	
	Isaac D. Rodriguez Skate Park	67,200	67,200	
	Office Complex	780,739	736,389	44,350
	Public Parking Garage	595,578	595,578	
	South Wastewater Plant	3,800,000	3,800,000	
	Fire Station	620,474	580,474	40,000
	Cavazos Park (Entire Park)	60,750	60,750	
	City Park (Entire Park)	943,668	943,668	
	Gibson Park (Entire Park)	285,768	285,768	
	Nature Center	308,502	278,502	30,000
	Plazita Park	140,000	140,000	
	Old Harlon Block Park (Entire Park)	753,558	753,558	
	Municipal Court	350,149	350,149	
	Harlon Block Sports Complex	1,755,000	1,755,000	
	City Office Building	6,194,360	5,631,360	563,000
	Airport Infrastructure	651,500	651,500	
	Total	<u>\$ 48,919,099</u>	<u>\$ 47,069,929</u>	<u>\$ 1,849,170</u>

Table XXI  
(Page 3 of 6)

**CITY OF WESLACO, TEXAS  
SCHEDULE OF INSURANCE COVERAGE  
SEPTEMBER 30, 2011**

Insurer	Type of Coverage
Alliance of Texas Public Entity	General Liability Policy General Aggregate Limit Product-Completed Aggregate Limit Each/Occurrence Limit Fire Damage Personal and Advertising Injury
Nationwide Insurance Company	Accident Fire Department Death & Dismemberment Medical Expense Benefit Maximum Disability
Illinois National Insurance Company	General Liability Each Occurrence Property Damage Each Occurrence Hangar Keeping Liability
PEAT	Automobile Liability: Body Injury and Property Damage Combined Liability (per occurrence) Physical Damage Comprehensive & Collision (aggregate limit)

Table XXI  
(Page 4 of 6)

Policy Number & Period Covered	Property	Coverage		
		Total	Building	Contents
PE4618832-00 10/1/09-10/01/10	City Operations	\$ 2,000,000		
		2,000,000		
		1,000,000		
		100,000		
		1,000,000		
LE4618832 10/1/09-10/01/10	Law Enforcement	1,000,000		
		3,000,000		
PO4618832 10/1/09-10/01/10	Public Officials	2,000,000		
		4,000,000		
AAPN05622645 10/1/09-10/01/10	Airport Liability	1,000,000		
		1,000,000		
		1,000,000		

Table XXI  
(Page 5 of 6)

**CITY OF WESLACO, TEXAS  
SCHEDULE OF INSURANCE COVERAGE  
SEPTEMBER 30, 2011**

<u>Insurer</u>	<u>Type of Coverage</u>
PEAT	Police Professional Liability Policy Personal Injury Liability Each Person Each Occurance Annual Aggregate
TAPS	Mobile Equipment Blanket Basis
PEAT	Public Officials Liability Policy Each Loss Deductible Annual Aggregate
Texas Association of Political Subdivision	Public Employee Dishonesty Occurance Limit Deductible

Table XXI  
(Page 6 of 6)

<u>Policy Number &amp; Period Covered</u>	<u>Property</u>	<u>Total</u>	<u>Coverage Building</u>	<u>Contents</u>
PE4618832-00 10/1/09-10/01/10	Police Liability	\$ 1,000,000 3,000,000		
	Deductible	10,000		
PE4601359-03 10/1/09-10/01/10	Schedule of Equipment Policy File	569,420		
PO4618832 10/1/09-10/01/10	Public Officials and Employees	2,000,000 10,000 6,000,000		
PE4618832-00 10/1/09-10/01/10	Public Employees	20,000 1,000		



**RULE 15c2-12 FILING COVER SHEET**

This cover sheet is sent with all submissions to the Municipal Securities Rulemaking Board (the Nationally Recognized Municipal Securities Information Repository) and any applicable State Information Depository pursuant to Securities and Exchange Commission (SEC) Rule 15c2-12 or any analogous state statute.

**Issuer Name:** City of Weslaco, Texas

**Issue(s):**

\$ 7,860,000 General Obligation Refunding Bonds, Series 2002  
 \$ 14,080,000 Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2003  
 \$ 28,175,000 Tax And Waterworks And Sewer System Surplus Revenue Certificates of Obligation, Series 2007  
 \$ 24,335,000 Tax and Revenue Certificates of Obligation, Series 2012

**Filing Format** ☒ electronic ☐ paper; If available on the Internet, give URL: \_\_\_\_\_

**CUSIP Numbers to which the information filed relates (optional):**

☒ Nine-digit number(s) (see following page(s)):

☐ Six-digit number if information filed relates to all securities of the issuer

\* \* \*

**Financial & Operating Data Disclosure Information**

☒ Annual Financial Report or CAFR  
☒ Financial Information & Operating Data  
☐ Other (describe)

☒ Fiscal Period Covered: FYE 2011

☐ Monthly ☐ Quarterly ☒ Annual ☐ Other:

\* \* \*

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: 

Name: Leonardo Olivares Title: City Manager

Employer: City of Weslaco, Texas

Voice Telephone Number: (956) 973-3110

Email Address: lolivares@weslacotx.gov

## FINANCIAL STATEMENTS

The audited financial statements for the City for the fiscal year ended September 30, 2011 are being separately filed directly with the Nationally Recognized Municipal Securities Information Repository and any applicable State Information Depository, and are hereby incorporated by reference into this Annual Continuing Disclosure Report.

## SIGNATURE OF ISSUER

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a promise or guarantee. This Annual Continuing Disclosure Report may contain, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion contained herein are subject to change without notice, and the delivery of this Annual Continuing Disclosure Report will not, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described.

  
CITY OF WESLACO, TEXAS

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Leonardo Olivares

City Manager

Approved for Submission:

06/07/2012

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Date

## CITY OF WESLACO, TEXAS 2012 GENERAL OBLIGATION DEBT REPORTS

**TABLE 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT**

2011/2012 Market Valuation Established by Hidalgo County Appraisal District (excluding totally exempt property)		\$ 1,429,201,464
Less Exemptions/Reductions at 100% Market Value:		
Homestead Cap Adjustment	\$ 4,704,578	
Disabled Veterans	4,519,047	
Over 65 or Disabled	23,737,123	
Charity	1,116,163	
Pollution	16,650	
Productivity Loss	35,570,216	
House Bill 366	7,777	
Freeport Exemption	3,612,520	73,284,074
		<hr/>
2011/2012 Net Taxable Assessed Valuation		\$ 1,355,917,390
		<hr/>
Debt Payable from Ad Valorem Taxes ("Tax Debt") as of January 31, 2012 <sup>(1)</sup>		
Tax Bonds	\$ 5,525,000	
Certificates of Obligation	65,245,000	
Tax Notes	8,500,000	
		<hr/>
Total Tax Debt		\$ 79,270,000
Less: Self-Supporting Debt		
General Obligation Refunding Bonds, Series 2002	\$ 970,000	
Certificates of Obligation, Series 2007	21,290,000	
Limited Tax Refunding Bonds, Series 2010	997,665	
Tax Notes - Series 2011	8,500,000	
Certificates of Obligation, Series 2012	24,335,000	\$ 56,092,665
		<hr/>
Net Tax Debt		\$ 23,177,335
		<hr/>
Tax Debt Interest and Sinking Fund as of January 31, 2012		\$ 905,971
Ratio Net Tax Debt to Taxable Assessed Valuation		1.71%

2012 Estimated Population - 36,500  
Per Capita Taxable Assessed Valuation - \$37,148  
Per Capita Tax Debt - \$2,172  
Per Capita Net Tax Debt - \$635

(1) Includes self-supporting debt, payable from other bond revenues.

**TABLE 2 – TAXABLE ASSESSED VALUATIONS BY CATEGORY**

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2012		2011		2010	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 639,835,322	44.77%	\$ 640,671,828	45.23%	\$ 634,802,483	44.75%
Real, Residential, Multi-Family	50,239,811	3.52%	49,845,676	3.52%	51,678,580	3.64%
Real, Vacant Lots/Tracts	79,973,894	5.60%	83,470,608	5.89%	95,382,582	6.72%
Real, Acreage (Land Only)	44,691,975	3.13%	39,781,549	2.81%	43,065,013	3.04%
Real, Farm and Ranch Improvements	2,793,257	0.20%	3,045,755	0.22%	3,521,412	0.25%
Real, Commercial and Industrial	392,130,947	27.44%	384,284,909	27.13%	374,032,590	26.37%
Real, Oil and Gas	14,750	0.00%	28,120	0.00%	133,360	0.01%
Real and Tangible Personal, Utilities	16,005,284	1.12%	17,502,933	1.24%	17,930,544	1.26%
Tangible Personal, Business	149,060,828	10.43%	146,580,220	10.35%	140,354,437	9.89%
Tangible Personal, Other	30,413,969	2.13%	27,981,017	1.98%	28,647,259	2.02%
Real Property, Inventory	14,167,898	0.99%	15,170,536	1.07%	18,682,534	1.32%
Special Inventory	9,282,035	0.65%	7,661,452	0.54%	10,420,942	0.73%
Miscellaneous	591,494	0.04%	589,757	0.04%	-	0.00%
Total Appraised Value Before Exemptions	\$1,429,201,464	100.00%	\$1,416,614,360	100.00%	\$1,418,651,736	100.00%
Less: Total Exemptions/Reductions	73,284,074		67,356,872		69,896,632	
Taxable Assessed Value	<u>\$1,355,917,390</u>		<u>\$1,349,257,488</u>		<u>\$1,348,755,104</u>	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2009		2008	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 621,444,969	44.18%	\$ 542,713,647	45.82%
Real, Residential, Multi-Family	52,333,876	3.72%	42,952,638	3.63%
Real, Vacant Lots/Tracts	100,933,060	7.18%	75,956,929	6.41%
Real, Acreage (Land Only)	34,288,888	2.44%	27,872,979	2.35%
Real, Farm and Ranch Improvements	3,744,924	0.27%	3,633,670	0.31%
Real, Commercial & Industrial	365,196,174	25.96%	281,789,562	23.79%
Real, Oil and Gas	111,030	0.01%	58,110	0.00%
Real and Tangible Personal, Utilities	20,355,940	1.45%	20,102,072	1.70%
Tangible Personal, Business	147,005,156	10.45%	131,722,976	11.12%
Tangible Personal, Other	30,252,341	2.15%	32,903,251	2.78%
Real Property, Inventory	17,253,479	1.23%	12,829,679	1.08%
Special Inventory	13,617,579	0.97%	11,828,159	1.00%
Miscellaneous	-	0.00%	-	0.00%
Total Appraised Value Before Exemptions	\$1,406,537,416	100.00%	\$1,184,363,672	100.00%
Less: Total Exemptions/Reductions	74,397,206		53,494,288	
Taxable Assessed Value	<u>\$1,332,140,210</u>		<u>\$1,130,869,384</u>	

**TABLE 3 – VALUATION AND GENERAL OBLIGATION DEBT HISTORY**

Fiscal Year Ended 9/30	Estimated Population <sup>(1)</sup>	Taxable Assessed Valuation <sup>(2)</sup>	Taxable Assessed Valuation Per Capita	Net Tax Debt Outstanding at End of Year <sup>(3)</sup>	Ratio of Net Tax Debt to Taxable Assessed Valuation	Net Tax Debt Per Capita
2008	32,092	\$ 1,130,869,384	\$ 35,238	\$ 27,098,072	2.40%	\$ 844
2009	32,288	1,332,140,210	41,258	26,143,168	1.96%	810
2010	35,670	1,348,755,104	37,812	26,144,672	1.94%	733
2011	36,000	1,349,257,488	37,479	23,177,335	1.72%	644
2012	36,500	1,355,917,390	37,148	21,743,583 <sup>(4)</sup>	1.60% <sup>(4)</sup>	596 <sup>(4)</sup>

(1) Source: City Officials.

(2) As reported by the Hidalgo County Appraisal District on City's annual State Property Tax Board Reports; subject to change during the ensuing year.

(3) Excludes self-supporting debt.

(4) Projected.

**TABLE 4 – TAX RATE, LEVY AND COLLECTION HISTORY**

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2008	\$ 0.6967	\$ 0.5153	\$ 0.1814	\$ 7,667,949	93.53%	98.58%
2009	0.6967	0.5210	0.1757	8,920,936	95.49%	102.76%
2010	0.6967	0.5152	0.1815	9,249,698	93.29%	99.70%
2011	0.6967	0.5049	0.1918	9,310,540	94.18%	100.00%
2012	0.6967	0.5039	0.1928	9,361,891	91.20% <sup>(1)</sup>	94.64% <sup>(1)</sup>

(1) Collections through April 30, 2012.

**TABLE 5 – TEN LARGEST TAXPAYERS**

Name of Taxpayer	Nature of Property	2011/12 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
H E Butt Grocery Company	Grocery Store	\$ 38,464,214	2.84%
HEB Weslaco Transportation	Warehouse/Distribution	17,650,492	1.30%
Clearview Weslaco LLP	Development	11,394,996	0.84%
SDI Weslaco Holdings LLC	Retail/Deveopment	9,756,241	0.72%
John Knox Villages	Retirement Housing	8,981,104	0.66%
Wal-Mart Real Estate Business Trust	Real Estate/Retail	8,811,818	0.65%
Wal-Mart Property Tax Department	Real Estate/Retail	7,996,160	0.59%
JCPenney #1101	Retail	6,747,644	0.50%
Reyna Family Land Development Ltd	Development	6,711,427	0.49%
Lowe's Home Center Inc. #2980	Retail	5,804,384	0.43%
		<u>\$ 122,318,480</u>	<u>9.02%</u>

**TABLE 6 – TAX ADEQUACY**

2012 Principal and Interest Requirements <sup>(1)</sup>	\$2,431,766
\$0.1908 Tax Rate at 94% Collection Produces	\$2,431,865
Average Annual Principal and Interest Requirements, 2012- 2027 <sup>(1)</sup>	\$1,912,749
\$0.1501 Tax Rate at 94% Collection Produces	\$1,913,118
Maximum Annual Principal and Interest Requirements, 2018 <sup>(1)</sup>	\$2,576,819
\$0.2022 Tax Rate at 94% Collection Produces	\$2,577,165

(1) Excludes self-supporting debt.

**TABLE 7 – ESTIMATED OVERLAPPING DEBT**

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping Tax Debt was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

**TABLE 8 – GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS**

Fiscal Year Ending 9/30	Outstanding Debt Service			Less: Self-Supporting Debt Service	Total Tax Debt Service	% of Principal Retired
	Principal	Interest	Total			
2012	\$ 2,270,000	\$ 2,748,500	\$ 5,018,500	2,586,734	\$ 2,431,766	
2013	2,890,000	3,275,356	6,165,356	3,665,002	2,500,355	
2014	2,825,000	3,166,918	5,991,918	3,501,424	2,490,494	
2015	3,830,000	3,056,643	6,886,643	4,316,897	2,569,746	
2016	4,485,000	2,915,874	7,400,874	4,831,936	2,568,938	20.56%
2017	5,055,000	2,754,170	7,809,170	5,240,742	2,568,428	
2018	5,620,000	2,567,057	8,187,057	5,610,238	2,576,819	
2019	4,955,000	2,342,155	7,297,155	4,723,730	2,573,425	
2020	4,625,000	2,139,949	6,764,949	4,723,094	2,041,855	
2021	4,820,000	1,939,394	6,759,394	4,724,229	2,035,165	52.20%
2022	5,035,000	1,725,756	6,760,756	4,722,756	2,038,000	
2023	5,260,000	1,498,906	6,758,906	4,723,156	2,035,750	
2024	3,965,000	1,299,706	5,264,706	4,722,581	542,125	
2025	4,170,000	1,098,206	5,268,206	4,724,456	543,750	
2026	4,385,000	886,456	5,271,456	4,727,331	544,125	80.98%
2027	4,605,000	663,831	5,268,831	4,725,581	543,250	
2028	1,895,000	503,581	2,398,581	2,398,581	-	
2029	1,990,000	408,831	2,398,831	2,398,831	-	
2030	2,090,000	309,331	2,399,331	2,399,331	-	
2031	2,195,000	204,831	2,399,831	2,399,831	-	97.09%
2032	2,305,000	95,081	2,400,081	2,400,081	-	100.00%
	<u>\$ 79,270,000</u>	<u>\$ 35,600,535</u>	<u>\$ 114,870,535</u>	<u>\$ 84,266,545</u>	<u>\$ 30,603,991</u>	

**TABLE 9 – INTEREST AND SINKING FUND BUDGET PROJECTION**

Tax Debt Service Requirements, Fiscal Year Ending 9/30/2012 <sup>(1)</sup>		\$ 2,431,766
Interest and Sinking Fund, 9/30/2011	\$ 924,187	
Interest and Sinking Fund Tax Levy @ 94% Collection	2,457,356	
Estimated Interest Income/Delinquent Taxes/Penalties	-	3,381,543
		<hr/>
Estimated Balance, Fiscal Year Ending 9/30/2012		\$ 949,777
		<hr/>

(1) Excludes self-supporting debt.

**TABLE 10 – COMPUTATION OF SELF-SUPPORTING DEBT**

Net Waterworks and Sewer System Revenue Available as of 9/30/2011	\$ 3,316,185
Less: Requirements for Waterworks and Sewer System Revenue Bonds	459,774
Balance Available for Other Purposes	<hr/> <u>\$ 2,856,411</u>
Requirements for Waterworks and Sewer System Tax Debt	\$ 2,526,034
Percentage of Waterworks and Sewer System Tax Debt Self-Supporting	100.00%
Net Sanitation System Revenue Available as of 9/30/2011	\$ 153,736
Less: Requirements for Sanitation System Revenue Bonds	-
Balance Available for Other Purposes	<hr/> <u>\$ 153,736</u>
Requirements for Sanitation System Tax Debt	\$ 60,700
Percentage of Sanitation System Tax Debt Self-Supporting	100.00%

**TABLE 11 – AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS**

As of January 31, 2012, the City does not have any authorized but unissued general obligation bonds.

**TABLE 12 – OTHER OBLIGATIONS**

As of September 30, 2011, the City does not have any other obligations outstanding.

**TABLE 13 – CHANGE IN NET ASSETS**

	Fiscal Year Ended September 30,				
	2011	2010	2009	2008	2007
REVENUES:					
Program Revenues:					
Charges for Services	\$ 2,267,190	\$ 2,746,362	\$ 2,723,099	\$ 2,602,530	\$ 2,478,600
Operating Grants and Contributions	-	-	81,000	1,028,979	979,980
Capital Grants and Contributions	500,163	608,768	917,556	162	154
General Revenues:				-	
Property Taxes	9,632,751	9,729,729	9,752,261	7,816,160	7,443,962
Sales Taxes	9,864,624	9,218,352	9,175,453	9,029,384	8,599,413
Hotel Occupancy Taxes	358,390	359,421	403,467	455,283	433,603
Other Taxes	71,488	71,255	57,047	34,553	32,908
Franchise Fees	1,653,298	1,414,910	1,418,405	1,379,805	1,314,100
Investment Earnings	64,147	139,903	226,519	503,166	479,206
Intergovernmental	77,375	144,499	143,800	110,682	105,411
Gain (loss) on sale of assets	100,339	(115,940)	482,859	365,551	348,144
Resindment of Revolving Loan Contingency	550,000	-	-	-	-
Miscellaneous	301,972	348,954	433,260	408,284	388,842
Total Revenues	<u>\$25,441,737</u>	<u>\$24,666,213</u>	<u>\$25,814,726</u>	<u>\$23,734,539</u>	<u>\$22,604,323</u>
EXPENSES:					
General Government	\$ 4,426,526	\$ 4,307,902	\$ 3,710,070	\$ 5,011,787	\$ 4,773,130
Public Safety	11,562,667	12,676,095	12,486,600	11,132,961	10,602,820
Emergency medical services	398,347	343,818	-	465,405	443,243
Culture and Recreation	1,144,997	2,486,171	2,484,004	1,732,945	1,650,424
Public Works	2,669,907	1,870,276	1,843,346	2,254,577	2,147,216
Development services	3,101,439	3,358,829	4,994,533	3,411,805	3,249,338
Health and Welfare	104,426	132,612	127,044	136,637	130,130
Sales Tax Rebates	98,539	-	-	-	-
Interest on Long-term Debt	1,452,443	1,478,830	1,488,868	1,496,921	1,425,639
Total Expenditures	<u>\$24,959,291</u>	<u>\$26,654,533</u>	<u>\$27,134,465</u>	<u>\$25,643,037</u>	<u>\$24,421,940</u>
Increase in Net Assets Before Transfers	<u>\$ 482,446</u>	<u>\$ (1,988,320)</u>	<u>\$ (1,319,739)</u>	<u>\$ (1,908,498)</u>	<u>\$ (1,817,617)</u>
Transfers	996,770	1,475,209	2,403,930	2,455,293	2,480,094
Increase in Net Assets	<u>\$ 1,479,216</u>	<u>\$ (513,111)</u>	<u>\$ 1,084,191</u>	<u>\$ 546,795</u>	<u>\$ 662,477</u>
Beginning Net Assets	20,054,171	20,567,282 <sup>(1)</sup>	18,568,683 <sup>(2)</sup>	8,926,983	8,264,506
Prior Period Entries	-	-	-	-	-
Ending Net Assets	<u><u>\$21,533,387</u></u>	<u><u>\$20,054,171</u></u>	<u><u>\$19,652,874</u></u>	<u><u>\$ 9,473,778</u></u>	<u><u>\$ 8,926,983</u></u>

(1) Restated.

(2) Includes value of infrastructure, less depreciation.



**TABLE 13A – GENERAL FUND REVENUE AND EXPENDITURE HISTORY**

	Fiscal Years Ended September 30,				
	2011	2010	2009	2008	2007
<b>REVENUES</b>					
Taxes	\$ 16,296,631	\$ 15,614,848	\$ 15,623,980	\$ 14,375,274	\$ 12,318,874
Licenses and Permits	363,068	370,890	406,099	489,883	490,788
Intergovernmental	577,538	753,267	705,035	1,186,021	403,434
Charges for Services	2,565,294	2,905,104	3,752,129	3,471,856	2,857,551
Fine and Forfeitures	463,778	676,431	690,602	727,506	757,695
Interest	10,774	5,824	12,912	56,054	133,796
Miscellaneous	283,129	337,567	390,965	345,924	665,428
Sale of Assets	111,328	-	-	-	-
Total Revenues	<u>\$ 20,671,540</u>	<u>\$ 20,663,931</u>	<u>\$ 21,581,722</u>	<u>\$ 20,652,518</u>	<u>\$ 17,627,566</u>
<b>EXPENDITURES</b>					
Current Expenditures:					
General Government	\$ 4,255,134	\$ 3,633,642	\$ 3,481,440	\$ 5,131,719	\$ 3,276,336
Public Safety	11,664,128	12,725,966	12,486,212	13,173,159	10,752,116
Public Works	1,342,074	1,390,192	1,468,756	1,567,815	1,748,968
Health and Welfare	100,315	128,875	123,307	1,376,845	126,393
Culture and Recreation	959,685	2,311,038	2,231,748	135,502	1,286,936
Miscellaneous	684,020	779,286	541,759	-	544,839
Capital Outlay	215,182	7,649,738 <sup>(1)</sup>	308,217	-	1,834,637
Debt Service	1,316,861	-	-	-	-
Total Expenditures	<u>\$ 20,537,399</u>	<u>\$ 28,618,737</u>	<u>\$ 20,641,439</u>	<u>\$ 21,385,040</u>	<u>\$ 19,570,225</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<u>\$ 134,141</u>	<u>\$ (7,954,806)</u>	<u>\$ 940,283</u>	<u>\$ (732,522)</u>	<u>\$ (1,942,659)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Note Proceeds	\$ 1,300,000	\$ -	\$ -	\$ -	\$ -
Operating Transfers In	-	164,040	525,775	-	1,036,037
Operating Transfers Out	(200,000)	(611,900)	(287,000)	(218,000)	(250,000)
Other Financial Resources	(912,644)	7,406,417 <sup>(1)</sup>	-	158,930	-
Total Other Financing Sources (Uses)	<u>\$ 187,356</u>	<u>\$ 6,958,557</u>	<u>\$ 238,775</u>	<u>\$ (59,070)</u>	<u>\$ 786,037</u>
<b>EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>\$ 321,497</u>	<u>\$ (996,249)</u>	<u>\$ 1,179,058</u>	<u>\$ (791,592)</u>	<u>\$ (1,156,622)</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>\$ (34,679)</u>	<u>\$ 961,570</u>	<u>\$ (217,488) <sup>(2)</sup></u>	<u>\$ 578,511</u>	<u>\$ 1,735,133</u>
<b>Rescindment of Revolving Loan Contingency</b>	<u>\$ 550,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 836,818</u>	<u>\$ (34,679)</u>	<u>\$ 961,570</u>	<u>\$ (213,081)</u>	<u>\$ 578,511</u>

(1) In Fiscal Year 2010, capital outlays of the City included projects providing infrastructure development pursuant to Chapter 380 Economic Development Agreements.

(2) Restated.

**TABLE 14 – MUNICIPAL SALES TAX HISTORY**

Fiscal Year Ended 9/30	Total Collected <sup>(1)</sup>	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita <sup>(2)</sup>
2007	\$ 6,449,560	84.11%	\$ 0.5703	\$ 200.97
2008	6,556,949	73.50%	0.4922	203.08
2009	6,881,590	74.40%	0.5102	208.53
2010	6,913,765	74.26%	0.5124	209.51
2011	7,398,468	79.15%	0.5456	202.70

(1) Excludes half-cent sales tax for economic development.

(2) Based on population estimates provided by City officials.

**TABLE 15 – CURRENT INVESTMENTS**

As of January 31, 2012, the City's investable funds were invested in the following categories:

Description	Book Value	Market Value	% of Portfolio
TexPool	\$ 11,781,076	\$ 11,781,076	100.00%
	\$ 11,781,076	\$ 11,781,076	100.00%

**TABLE 16 – HISTORICAL WATER CONSUMPTION (GALLONS)**

Fiscal Year	Daily Average	Peak Day	Peak Month	Total Usage	Water Revenue
2007	4,384,980	7,799,000	154,903,000	1,600,518,000	\$ 3,733,413
2008	5,666,000	8,076,000	217,313,000	2,072,698,000	4,159,964
2009	5,665,373	9,077,000	235,767,000	2,067,861,000	4,293,548
2010	5,087,233	7,259,000	197,299,000	1,856,840,000	4,115,503
2011	6,010,074	8,860,000	211,669,000	2,193,677,000	4,594,471

**TABLE 17 – TEN LARGEST WATER CUSTOMERS (BASED ON GALLONS CONSUMED)**

Customer	Type of Industry	Water Usage (000s)	% of Total Water Usage	Water Revenue	% of Total Water Revenue
Military Highway Water Supply	Water Company	49,657	2.26%	\$113,128	2.46%
Maverick Industrial Service	Laundry Facility	10,986	0.50%	31,708	0.69%
John Knox Village	Apartments	10,544	0.48%	28,215	0.61%
Country Sunshine Park	Mobile Home Park	9,356	0.43%	25,430	0.55%
IDEA Public Schools	Education Facility	9,254	0.42%	24,115	0.52%
Knapp Medical Center	Hospital	9,250	0.42%	25,236	0.55%
Weslaco Labor Camp	Apartments	8,677	0.40%	21,673	0.47%
North Side Apartments	Apartments	8,464	0.39%	22,491	0.49%
Weslaco High School	Education Facility	8,439	0.38%	22,426	0.49%
Southern Comfort Resort Park	Mobile Home Park	7,988	0.36%	21,041	0.46%
		<u>132,615</u>	<u>6.05%</u>	<u>\$335,463</u>	<u>7.30%</u>

**TABLE 18 – MONTHLY WATER RATES (EFFECTIVE NOVEMBER 1, 2011)**

New Rates		Old Rates	
Inside City	Outside City	Inside City	Outside City
\$13.62 Base Fee	\$20.43 Base Fee	\$11.54 Base Fee	\$16.75 Base Fee
+ \$2.36 / 1,000 Gallons	+ \$3.54 / 1,000 Gallons	+ \$2.00 / 1,000 Gallons	+ \$2.10 / 1,000 Gallons

**TABLE 19 – WASTEWATER USAGE (GALLONS)**

Fiscal Year	Daily Average	Monthly Average	Peak Daily Usage	Peak Monthly Usage	Total Usage	Total Revenue
2007	3,431,364	104,374,000	6,409,000	125,794,000	1,252,448,000	\$ 3,112,706
2008	2,079,800	109,303,000	6,238,200	128,231,000	1,309,560,000	3,375,730
2009	3,805,668	115,755,800	6,556,000	125,815,000	1,389,069,000	3,569,265
2010	4,424,425	134,576,000	8,616,000	167,311,000	1,614,915,000	3,271,450
2011	4,132,803	116,623,000	7,813,000	139,485,000	1,508,473,000	3,319,087

**TABLE 20 – TEN LARGEST WASTEWATER CUSTOMERS**

Customer	Type of Industry	Wastewater Revenue	% of Total Wastewater Revenue
Knapp Medical Center	Hospital	\$ 23,974	0.72%
Weslaco High School	Educational Facility	21,305	0.64%
Country Sunshine Park	Mobile Home Park	20,344	0.61%
North Side Apartments	Apartments	17,993	0.54%
Southern Comfort Resort Park	Mobile Home Park	16,833	0.51%
John Knox Village	Apartments	15,678	0.47%
John Knox Village #2	Apartments	15,416	0.46%
Weslaco East High School	Educational Facility	14,339	0.43%
Rio Valley Estate Mobile	Mobile Home Park	12,853	0.39%
Maverick Industrial Service	Laundry Facility	10,544	0.32%
		<u>\$ 169,279</u>	<u>5.10%</u>

**TABLE 21 – MONTHLY SEWER RATES (EFFECTIVE NOVEMBER 1, 2011)**

New Rates		Old Rates	
<b>Residential</b>			
Inside City	Outside City	Inside City	Outside City
\$14.24 Base Fee	N/A	\$12.38 Base Fee	N/A
+ \$1.42 / 1,000 Gallons	N/A	+ \$1.42 / 1,000 Gallons	N/A
<b>Commercial</b>			
Inside City	Outside City		
80% to 95% of water charge	N/A		

**TABLE 22 – WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS**

Revenues	For Fiscal Year Ended September 30,				
	2011	2010	2009	2008	2007
Water Sales	\$ 4,728,977	\$ 4,132,623	\$ 4,293,548	\$ 4,159,964	\$ 3,733,413
Charges for Services	3,772,857	3,434,957	3,374,207	3,302,985	3,112,706
Interest Earnings	109	618,299	852,465	907,118	169,007
Miscellaneous	287,920	278,787	420,128	263,223	243,914
Total Revenues	<u>\$ 8,789,863</u>	<u>\$ 8,464,666</u>	<u>\$ 8,940,348</u>	<u>\$ 8,633,290</u>	<u>\$ 7,259,040</u>
<b>Expenses</b>					
Personal Services	\$ 1,183,182	\$ 1,209,215	\$ 1,325,256	\$ 1,289,818	\$ 1,078,515
Other Services and Charges	1,149,868	1,113,135	1,134,186	1,020,693	989,099
Supplies	355,096	339,157	280,560	373,062	297,729
Contractual Services - Operations	2,427,547	2,308,907	2,224,814	2,153,486	2,060,957
Contractual Services - Administrative	979,291	1,020,390	1,859,304	1,859,293	1,625,689
Total Expenses	<u>\$ 6,094,984</u>	<u>\$ 5,990,804</u>	<u>\$ 6,824,120</u>	<u>\$ 6,696,352</u>	<u>\$ 6,051,989</u>
Net Available for Debt Service	<u>\$ 2,694,879</u>	<u>\$ 2,473,862</u>	<u>\$ 2,116,228</u>	<u>\$ 1,936,938</u>	<u>\$ 1,207,051</u>
CIP Fees <sup>(1)</sup>	<u>621,306</u>	<u>626,884</u>	<u>645,067</u>	<u>631,599</u>	<u>603,306</u>
Net Available for Debt Service Adjusted by CIP Fees	<u>\$ 3,316,185</u>	<u>\$ 3,100,746</u>	<u>\$ 2,761,295</u>	<u>\$ 2,568,537</u>	<u>\$ 1,810,357</u>
Water Customers	9,972 <sup>(2)</sup>	11,306 <sup>(3)</sup>	11,306 <sup>(3)</sup>	11,034 <sup>(3)</sup>	10,721 <sup>(3)</sup>
Sewer Customers	9,056 <sup>(2)</sup>	10,432 <sup>(3)</sup>	10,432 <sup>(3)</sup>	10,212 <sup>(3)</sup>	9,939 <sup>(3)</sup>
Estimated Debt Service Coverage	1.47	1.39	1.32	1.26	1.86

(1) The Waterworks and Sewer System Revenue Bonds, Series 1998 were issued on September 23, 1998 in the amount of \$5,930,000. These bonds will be paid from a CIP fee that has been charged to customers since June 1, 1996. This fee is to remain in place until the debt related to the new sewer plant on the south side of town has been paid for. The CIP fee is recognized as non-operating revenue.

(2) For FYE 2011, the customer count provided for the City of Weslaco only.

(3) For FYE 2007 through 2010, the customer count includes the City of Weslaco, Military Highway Water Supply and North Alamo Water Supply Corporation.

**TABLE 23 – COVERAGE AND FUND BALANCES**

Average Annual Principal and Interest Requirements, 2012-2018	\$ 453,287
Coverage of Average Annual Requirements by 2011 Net Income	7.32 x
Maximum Principal and Interest Requirements, 2012	\$ 459,774
Coverage of Maximum Annual Requirements by 2011 Net Income	7.21 x
Waterworks and Sewer System Revenue Bonds Outstanding at 9/30/2011	\$ 2,845,000
Reserve Fund Balance as of September 30, 2011	\$ 469,687

**TABLE 24 – VALUE OF THE SYSTEM**

	Fiscal Year Ended September 30,				
Waterworks System	2011	2010	2009	2008	2007
Land	\$ 163,584	\$ 163,584	\$ 163,584	\$ 163,584	\$ 163,584
Buildings	236,047	236,047	236,047	236,047	236,047
Other Improvements	12,533,905	12,533,905	12,498,988	12,487,742	10,781,276
Machinery and Equipment	3,622,265	3,450,941	3,255,718	3,000,436	2,953,930
Construction in Progress	4,258,082	2,761,662	2,704,405	2,436,375	725,888
Total Value	\$ 20,813,883	\$ 19,146,139	\$ 18,858,742	\$ 18,324,184	\$ 14,860,725
Less: Depreciation	10,031,949	9,567,849	9,104,542	8,647,112	8,212,549
Net System Value	\$ 10,781,934	\$ 9,578,290	\$ 9,754,200	\$ 9,677,072	\$ 6,648,176
<u>Sewer System</u>					
Land	\$ 501,591	\$ 501,591	\$ 408,221	\$ 408,221	\$ 408,221
Buildings	126,276	126,276	126,276	188,276	188,276
Other Improvements	26,708,969	26,708,969	26,663,011	26,549,528	25,056,005
Machinery and Equipment	1,284,946	1,284,946	1,284,946	1,284,946	1,297,691
Construction in Progress	19,671,790	17,391,205	7,408,872	1,633,738	3,344,225
Total Value	\$ 48,293,572	\$ 46,012,987	\$ 35,891,326	\$ 30,064,709	\$ 30,294,418
Less: Depreciation	12,997,555	12,082,862	11,151,663	8,647,112	9,302,145
Net System Value	35,296,017	33,930,125	24,739,663	21,417,597	20,992,273
Total Net System Value	<u>\$ 46,077,951</u>	<u>\$ 43,508,415</u>	<u>\$ 34,493,863</u>	<u>\$ 31,094,669</u>	<u>\$ 27,640,449</u>

**TABLE 25 – CITY'S EQUITY IN SYSTEM**

	Fiscal Year Ended September 30,				
Resources	2011	2010	2009	2008	2007
Total Net System Value	\$ 46,077,951	\$ 43,508,415	\$ 34,493,863	\$ 29,126,302	\$ 27,640,449
Cash and Investments	1,213,140	1,131,718	1,130,465	1,984	123,743
Other Resources	4,527,354	8,119,138	17,859,040	23,073,793	24,766,988
Total Resources	\$ 51,818,445	\$ 52,759,271	\$ 53,483,368	\$ 52,202,079	\$ 52,531,180
<u>Obligations</u>					
Revenue Bonds Payable	\$ 2,845,000	\$ 3,185,000	\$ 3,460,000	\$ 3,775,000	\$ 4,075,000
GO/CO Debt	23,855,752	24,584,249	23,676,346	24,096,703	24,765,248
Other Obligations	-	3,758,290	3,834,990	1,961,884	1,117,513
Total Resources	\$ 26,700,752	\$ 31,527,539	\$ 30,971,336	\$ 29,833,587	\$ 29,957,761
City's Equity in System	\$ 25,117,694	\$ 21,231,732	\$ 22,512,032	\$ 22,368,492	\$ 22,573,419
Percentage City's Equity in System	48.47%	40.24%	42.09%	42.85%	42.97%

**PART IV**  
**SINGLE AUDIT SECTION**

**SCHEDULE OF FEDERAL  
AND  
STATE FINANCIAL ASSISTANCE**



**CITY OF WESLACO, TEXAS**  
**SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor Number	Program or Award Amount
<u>FEDERAL ASSISTANCE</u>			
<u>U.S. Department of Justice</u>			
Direct Program:			
Drug Enforcement Administration	16.810	2011	\$ 17,202
Drug Enforcement Administration	16.810	2010	16,903
U.S. Marshals Service-Joint Task Force	16.813	D79-10-0444	16,000
U.S. Marshals Service-Joint Task Force	16.813	D79-11-0089	15,000
Bulletproof Vest Partnership	16.813	11058146	14,284
Edward Byrne Memorial (Non-Recovery)	16.738	2009-DJ-BX-1174	17,135
Edward Byrne Memorial (Recovery)	16.804	2009-SB-B9-1377	70,443
Community Oriented Policing Service	16.710	2009-RK-WX-0825	451,206
Criminal Justice Division	16.803	2009-SE-B9-0057	91,129
		*	<u>709,302</u>
Total U.S. Department of Justice			
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Texas Department of Commerce:			
Revolving Fund Program	14.218	(1)	<u>-</u>
<u>Federal Communications Commission</u>			
Passed through the Universal Service Administrative Company:			
* USAC Schools and Libraries E-Rate	2006-10-08	141687	* <u>561,559</u>
<u>U.S. Department of Homeland Security</u>			
Passed through the Texas Engineering Extension Service			
2008 SHSP	97.073	2008-GE-T8-0034	34,399
2009 SHSP	97.073	2009-SS-T9-0064	25,925
2010 SHSP	97.073	2010-SS-T0-0008	26,795
Safer Grant	97.044	EMW-2006-FF-03766	1,035,000
		*	<u>1,122,119</u>

(1) Loans are made to businesses from payments received from previous loans to businesses and from interest income on the loans.

\* Denotes Major Programs

Accrued (Deferred) Revenue at October 1, 2010	Grant Revenues Received	Matching & Miscellaneous Revenues	Grant Expendi- tures/Adj.	Other Expendi- tures	Accrued (Deferred) Revenue at September 30, 2011
\$ -	\$ 12,270	\$ 6,826	\$ 17,202	\$ 6,826	\$ 4,932
16,903	16,903	-	-	-	-
3,944	3,944	-	-	-	-
-	12,376	-	15,000	-	2,624
-	-	1,348	1,348	1,348	1,348
-	-	169	17,135	169	17,135
-	70,443	-	62,930	-	(7,513)
27,306	111,209	563	113,930	563	30,027
-	-	-	19,190	-	19,190
<u>48,153</u>	<u>227,145</u>	<u>8,906</u>	<u>246,735</u>	<u>8,906</u>	<u>67,743</u>
-	-	-	-	-	-
-	-	-	-	-	-
19,844	32,595	-	12,751	-	-
-	9,731	-	9,731	-	-
-	-	-	26,287	-	26,287
<u>49,477</u>	<u>143,367</u>	<u>233,834</u>	<u>115,648</u>	<u>233,834</u>	<u>21,758</u>
<u>69,321</u>	<u>185,693</u>	<u>233,834</u>	<u>164,417</u>	<u>233,834</u>	<u>48,045</u>

**CITY OF WESLACO, TEXAS  
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor Number	Program or Award Amount
<u>U.S. Department of Federal Aviation</u>			
<u>Administrative (FAA)</u>			
Passed Through Texas Department of Transportation-Aviation Division Ramp Grant	20.106	M021WESLA	\$ 50,000
Total Federal Aviation Administration			<u>50,000</u>
<u>U.S. Department of Energy</u>			
Passed Through Texas Comptroller of Public Accounts			
Renewable Energy Technology Program	81.041	DE-EE0000116	1,812,000
Total Energy			<u>1,812,000</u>
<u>Federal Emergency Management Agency</u>			
Passed Through Texas Department of Public Safety Division			
Emergency Management Disaster Relief (Hurricane Alex)	97.036	FEMA-1931	51,038
Total Emergency Management			<u>51,038</u>
<u>Urban and Rural Economic Development</u>			
<u>(HBCU Set-Aside)</u>			
	93.570	N/A	384,861
Total Federal Assistance			<u>\$ 4,690,879</u>
<u>STATE ASSISTANCE</u>			
<u>Texas Commission on Environmental Quality</u>			
Compost Utilization Project		582-6-80481	126,600
<u>Texas Department of Public Safety</u>			
Division of Emergency Management			
Border Star V (2008)		LBSP-08-050	119,102
Border Star V (2010)		LBSP-10/11	35,211
Total Texas Department of Public Safety			<u>154,313</u>

Accrued (Deferred) Revenue at October 1, 2010	Grant Revenues Received	Matching & Miscellaneous Revenues	Grant Expendi- tures	Other Expendi- tures	Accrued (Deferred) Revenue at September 30, 2011
\$ -	\$ -	\$ 26,262	\$ -	\$ 26,262	\$ -
-	-	26,262	-	26,262	-
-	-	421,120	90,928	421,120	90,928
-	-	421,120	90,928	421,120	90,928
38,279	38,279	-	-	-	-
38,279	38,279	-	-	-	-
-	-	-	-	-	-
\$ 155,753	\$ 451,117	\$ 690,122	\$ 502,080	\$ 690,122	\$ 206,716
-	-	-	-	-	-
(7,252)	9,331	-	-	-	(7,252)
(7,252)	9,331	-	-	-	(16,583)

**CITY OF WESLACO, TEXAS  
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor Number	Program or Award Amount
<u>Texas State Comptroller</u> LEOSE (Travel & Training)			\$ <u>5,676</u>
<u>Texas General Land Office</u> Disaster Recovery Grant Program		10-5306-000-5314	<u>600,000</u>
<u>Texas Department of Information Resources</u> Texas State Library & Archives Commission		442-10341	<u>15,824</u>
Total State Assistance			<u>902,413</u>
Total Federal and State Assistance			<u>\$ <u>5,593,292</u></u>

\*\* Due to Grant @ 9/30/2010

Accrued (Deferred) Revenue at October 1, 2010	Grant Revenues Received	Matching & Miscellaneous Revenues	Grant Expendi- tures	Other Expendi- tures	Accrued (Deferred) Revenue at September 30, 2011
\$ (482)	\$ -	\$ -	\$ 482	\$ -	\$ -
-	-	-	8,000	-	8,000
(297)	(297)	-	-	-	- **
(8,031)	9,034	-	8,482	-	(8,583)
<u>\$ 147,722</u>	<u>\$ 460,151</u>	<u>\$ 690,122</u>	<u>\$ 510,562</u>	<u>\$ 690,122</u>	<u>\$ 198,133</u>

**NOTES TO SCHEDULE OF FEDERAL AND STATE  
FINANCIAL ASSISTANCE**

**CITY OF WESLACO**  
**NOTES TO SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED SEPTEMBER 30, 2011**

1 General

The accompanying Schedule of Federal Financial Assistance Programs presents the activity of all the Federal Financial Assistance Programs of the City of Weslaco, Texas. The City reporting entity is defined in Note A (1) to the City's general purpose financial statements.

2 Basis of Accounting

The accompanying Schedule of Federal Financial Assistance Programs is presented using the modified accrual basis of accounting, which is described in Note A (4) to the City's general purpose financial statements.

**RECONCILIATION TO FINANCIAL STATEMENTS**

<b><u>GRANT/PROGRAM TITLE</u></b>	<b><u>CFDA</u></b>	<b><u>GRANTOR NUMBER</u></b>	<b><u>CITY MATCH</u></b>	<b><u>REVENUE AMOUNT</u></b>
<b><u>GOVERNMENTAL FUND GRANTS</u></b>				
Federal Assistance				
U.S. Department of Justice				
Drug Enforcement Administration	16.810	2011	\$ 6,826	\$ 24,028
U.S.Marshals Joint Task Force	16.813	D70-11-0089	-	15,000
Bulletproof Vest Partnership	16.813	11058146	1,348	2,696
Edward Byrne Memorial (Non-Recovery)	16.738	2009-DJ-BX-1174	169	17,304
Edward Byrne Memorial (Recovery)	16.804	2009-SB-B9-1377	-	62,930
Community Oriental Policing Service	16.710	2009-RK-WX-0825	563	114,493
Criminal Justice Division	16.803	2009-SU-B9-0057	-	19,190
Total U.S. Department of Justice			<u>8,906</u>	<u>255,641</u>
U.S. Department of Homeland Security				
2008 SHSP	97.073	2008-GE-T8-0034	-	12,751
2009 SHSP	97.073	2009-SS-T9-0064	-	9,731
2010 SHSP	97.073	2010-SS-T0-0008	-	26,287
Safer Grant	97.044	EMW-2006-FF-03766	233,834	349,482
Total U.S. Department of Homeland Security			<u>233,834</u>	<u>398,251</u>
Total Federal Assistance			<u>242,740</u>	<u>653,892</u>
<u>State Assistance</u>				
Texas State Comptroller				
LEOSE (Travel & Training)			-	482
Texas Department of Safety				
Border Star (2010/11)		LBSP-10/11	-	-
Total State Assistance			<u>\$ -</u>	<u>\$ 482</u>
TOTAL FEDERAL AND STATE ASSISTANCE			<u>\$ 242,740</u>	<u>\$ 654,374</u>
TOTAL GRANT REVENUE (GRANT REVENUE LESS CITY MATCH)				<u>\$ 411,634</u>



**CITY OF WESLACO**  
**NOTES TO SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED SEPTEMBER 30, 2011**

<u>GRANT/PROGRAM TITLE</u>	<u>CFDA</u>	<u>GRANTOR NUMBER</u>	<u>CITY MATCH</u>	<u>REVENUE AMOUNT</u>
GENERAL FUND REVENUE	(PAGE 77)			
STATE GRANTS			\$ 469,393	
FEDERAL GRANTS			30,770	
SUBTOTAL			500,163	
LESS: OTHER REIMBURSABLE GRANTS			(88,529)	
TOTAL			<u>\$ 411,634</u>	<u>\$ 411,634</u>
OTHER REIMBURSABLE GRANTS:				
MOBILE COMMAND		\$ 3,451		
READING IS FUNDAMENTAL		14,630		
COUNTY OF HIDALGO		37,506		
LONE STAR LIBRARIES		13,234		
BORDER STAR ADVANCE		9,331		
OTHER GRANTS		10,377		
TOTAL OTHER REIMBURSABLE GRANTS		<u>\$ 88,529</u>		
<b><u>PROPRIETARY FUND GRANTS</u></b>				
<u>Federal Assistance</u>				
U.S. Department of Federal Aviation				
RAMP Grant		M021WESLA	<u>26,262</u>	<u>26,262</u>
U.S. Department of Energy				
Renewable Energy Technology	81.041	DE-EE00001116	<u>421,120</u>	<u>512,048</u>
Total Federal Assistance			<u>447,382</u>	<u>538,310</u>
<u>State Assistance</u>				
Texas General Land Office				
Disaster Recovery Grant Program		10-5306-000-5314	<u>-</u>	<u>8,000</u>
TOTAL FEDERAL AND STATE ASSISTANCE			<u>\$ 447,382</u>	<u>\$ 546,310</u>
<b>TOTAL GRANT REVENUE (GRANT REVENUE LESS CITY MATCH)</b>				<u><b>\$ 98,928</b></u>
WATER & SEWER FUNDS REVENUE	(PAGE 112)			
OPERATING GRANTS			\$ -	
CAPITAL GRANTS			107,090	
SUBTOTAL			107,090	
LESS: OTHER REIMBURSABLE GRANTS			(8,162)	
TOTAL			<u>\$ 98,928</u>	<u>\$ 98,928</u>
OTHER REIMBURSABLE GRANTS:				
COUNTY OF HIDALGO		\$ 8,162		
TOTAL OTHER REIMBURSABLE GRANTS		<u>\$ 8,162</u>		

CITY OF WESLACO, TEXAS  
NOTES TO SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE  
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL  
SEPTEMBER 30, 2011

	FEDERAL ASSISTANCE					
	U.S. Department of Justice Drug Enforcement Administration			U.S. Department of Justice Drug Enforcement Administration		
	Budget	Prior Years	Current Year	Budget	Prior Years	Current Year
Revenue						
Federal	\$ 17,202	\$ -	\$ 12,270	\$ 16,903	\$ -	\$ 16,903
State						
City *	-	-	6,826		23,528	-
Total Revenue	17,202	-	19,096	16,903	23,528	16,903
Expenditures **						
<b><u>General Fund</u></b>						
Public Safety						
Police Department						
Personal Services	17,202	-	24,028	16,903	40,431	-
Other Services & Charges	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Public Works						
Engineering						
Other Service Charges	-	-	-	-	-	-
Culture & Recreation						
Library Fund						
Other Services & Charges	-	-	-	-	-	-
<b><u>General Fund</u></b>						
Capital Outlay	-	-	-	-	-	-
<b><u>Capital Projects Fund</u></b>						
Capital Outlay	-	-	-	-	-	-
<b><u>Water &amp; Sewer Fund</u></b>						
Capital Assets	-	-	-	-	-	-
<b><u>Airport Fund</u></b>						
Other Services and Charges	-	-	-	-	-	-
Capital Assets	-	-	-	-	-	-
Total expenditures	17,202	-	24,028	16,903	40,431	-
Accrued (Deferred) Revenue at September 30, 2011	\$ -	\$ -	\$ 4,932	\$ -	\$ 16,903	\$ -

\* Matching Revenue

\*\* Categorized per Contract

FEDERAL ASSISTANCE						
	U.S. Department of Justice U.S. Marshals Service Joint Task Force			U.S. Department of Justice U.S. Marshals Service Joint Task Force		
	Budget	Prior Years	Current Year	Budget	Prior Years	Current Year
Revenue						
Federal	\$ 16,000	\$ 12,056	\$ 3,944	\$ 15,000	\$ -	\$ 12,376
State						
City *		2,530	-		-	-
Total Revenue	16,000	14,586	3,944	15,000	-	12,376
Expenditures **						
<u>General Fund</u>						
Public Safety						
Police Department						
Personal Services	16,000	18,530	-	15,000	-	15,000
Other Services & Charges	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Public Works						
Engineering						
Other Service Charges	-	-	-	-	-	-
Culture & Recreation						
Library Fund						
Other Services & Charges	-	-	-	-	-	-
<u>General Fund</u>						
Capital Outlay	-	-	-	-	-	-
<u>Capital Projects Fund</u>						
Capital Outlay	-	-	-	-	-	-
<u>Water &amp; Sewer Fund</u>						
Capital Assets	-	-	-	-	-	-
<u>Airport Fund</u>						
Other Services and Charges	-	-	-	-	-	-
Capital Assets	-	-	-	-	-	-
Total expenditures	16,000	18,530	-	15,000	-	15,000
Accrued (Deferred) Revenue at September 30, 2011	\$ -	\$ 3,944	\$ -	\$ -	\$ -	\$ 2,624

\* Matching Revenue

\*\* Categorized per Contract

CITY OF WESLACO, TEXAS  
NOTES TO SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE  
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL  
SEPTEMBER 30, 2011

	FEDERAL ASSISTANCE					
	U.S. Department of Justice Bulletproof Vest Partnership			U.S. Department of Justice Edward Byrne Memorial (Non-Recovery)		
	Budget	Prior Years	Current Year	Budget	Prior Years	Current Year
Revenue						
Federal	\$ 14,284	\$ -	\$ -	\$ 17,135	\$ -	\$ -
State						
City *		-	1,348			169
Total Revenue	14,284	-	1,348	17,135	-	169
Expenditures **						
<b><u>General Fund</u></b>						
Public Safety						
Police Department						
Personal Services	-	-	-	-	-	-
Other Services & Charges	-	-	-	-	-	-
Supplies	14,284	-	2,696	5,246	-	5,246
Public Works						
Engineering						
Other Service Charges	-	-	-	-	-	-
Culture & Recreation						
Library Fund						
Other Services & Charges	-	-	-	-	-	-
<b><u>General Fund</u></b>						
Capital Outlay	-	-	-	12,058	-	12,058
<b><u>Capital Projects Fund</u></b>						
Capital Outlay	-	-	-	-	-	-
<b><u>Water &amp; Sewer Fund</u></b>						
Capital Assets	-	-	-	-	-	-
<b><u>Airport Fund</u></b>						
Other Services and Charges	-	-	-	-	-	-
Capital Assets	-	-	-	-	-	-
Total expenditures	14,284	-	2,696	17,304	-	17,304
Accrued (Deferred) Revenue at September 30, 2011	\$ -	\$ -	\$ 1,348	\$ 169	\$ -	\$ 17,135

\* Matching Revenue

\*\* Categorized per Contract

	FEDERAL ASSISTANCE					
	U.S. Department of Justice Edward Byrne Memorial (Recovery)			U.S. Department of Justice Community Oriented Policing Services		
	Budget	Prior Year	Current Year	Budget	Prior Years	Current Year
Revenue						
Federal	\$ 70,443	\$ -	\$ 70,443	\$ 451,206	\$ -	\$ 111,209.0
State						
City *						563
Total Revenue	70,443	-	70,443	451,206	-	111,772
Expenditures **						
<b><u>General Fund</u></b>						
Public Safety						
Police Department						
Personal Services	70,443	-	62,930	451,206	27,306	114,493
Other Services & Charges	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Public Works						
Engineering						
Other Service Charges	-	-	-	-	-	-
Culture & Recreation						
Library Fund						
Other Services & Charges	-	-	-	-	-	-
<b><u>General Fund</u></b>						
Capital Outlay	-	-	-	-	-	-
<b><u>Capital Projects Fund</u></b>						
Capital Outlay	-	-	-	-	-	-
<b><u>Water &amp; Sewer Fund</u></b>						
Capital Assets	-	-	-	-	-	-
<b><u>Airport Fund</u></b>						
Other Services and Charges	-	-	-	-	-	-
Capital Assets	-	-	-	-	-	-
Total expenditures	70,443	-	62,930	451,206	27,306	114,493
Accrued (Deferred) Revenue at September 30, 2011	\$ -	\$ -	\$ (7,513)	\$ -	\$ 27,306	\$ 30,027

\* Matching Revenue

\*\* Categorized per Contract

CITY OF WESLACO, TEXAS  
NOTES TO SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE  
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL  
SEPTEMBER 30, 2011

	FEDERAL ASSISTANCE					
	U.S. Department of Justice Criminal Justice Division			Federal Communication Commission USAC Schools and Libraries E- Rate		
	Budget	Prior Years	Current Year	Budget	Prior Years	Current Year
Revenue						
Federal	\$ 91,129	\$ 66,129	\$ -	\$ 561,559	\$ 472,242	\$ -
State						
City *					50,947	-
Total Revenue	91,129	66,129	-	561,559	523,189	-
Expenditures **						
<b><u>General Fund</u></b>						
Public Safety						
Police Department						
Personal Services	-	-	-	-	-	-
Other Services & Charges	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Public Works						
Engineering						
Other Service Charges	-	-	-	-	-	-
Culture & Recreation						
Library Fund						
Other Services & Charges	-	-	-	561,559	523,189	-
<b><u>General Fund</u></b>						
Capital Outlay	91,129	66,129	19,190	-	-	-
<b><u>Capital Projects Fund</u></b>						
Capital Outlay	-	-	-	-	-	-
<b><u>Water &amp; Sewer Fund</u></b>						
Capital Assets	-	-	-	-	-	-
<b><u>Airport Fund</u></b>						
Other Services and Charges	-	-	-	-	-	-
Capital Assets	-	-	-	-	-	-
Total expenditures	91,129	66,129	19,190	561,559	523,189	-
Accrued (Deferred) Revenue at September 30, 2011	\$ -	\$ -	\$ 19,190	\$ -	\$ -	\$ -

\* Matching Revenue

\*\* Categorized per Contract

	FEDERAL ASSISTANCE					
	U.S. Department of Homeland Security 2008 SHSP			U.S. Department of homeland Security 2009 SHSP		
	Budget	Prior Years	Current Year	Budget	Prior Years	Current Year
Revenue						
Federal	\$ 237,431	\$ 1,800	\$ 32,595	\$ 25,925	\$ 16,105	\$ 9,731
State						
City *						
Total Revenue	237,431	1,800	32,595	25,925	16,105	9,731
Expenditures **						
<b><u>General Fund</u></b>						
Public Safety						
Police Department						
Personal Services	-	-	-	-	-	-
Other Services & Charges	-	-	-	-	-	-
Supplies	-	350	-	-	-	-
Public Works						
Engineering						
Other Service Charges	-	-	-	-	-	-
Culture & Recreation						
Library Fund						
Other Services & Charges	-	-	-	-	-	-
<b><u>General Fund</u></b>						
Capital Outlay	237,431	21,294	12,751	25,925	16,105	9,731
<b><u>Capital Projects Fund</u></b>						
Capital Outlay	-	-	-	-	-	-
<b><u>Water &amp; Sewer Fund</u></b>						
Capital Assets	-	-	-	-	-	-
<b><u>Airport Fund</u></b>						
Other Services and Charges	-	-	-	-	-	-
Capital Assets	-	-	-	-	-	-
Total expenditures	237,431	21,644	12,751	25,925	16,105	9,731
Accrued (Deferred) Revenue at September 30, 2011	\$ -	\$ 19,844	\$ -	\$ -	\$ -	\$ -

\* Matching Revenue

\*\* Categorized per Contract

CITY OF WESLACO, TEXAS  
NOTES TO SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE  
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL  
SEPTEMBER 30, 2011

	FEDERAL ASSISTANCE					
	U.S. Department of Homeland Security 2010 SHSP			U.S. Department of Homeland Security Safer Grant		
	Budget	Prior Years	Current Year	Budget	Prior Years	Current Year
Revenue						
Federal	\$ 26,795	\$ -	\$ -	\$ 1,035,000	\$ 781,791	\$ 143,367
State						
City *				1,474,656	348,428	233,834
Total Revenue	26,795	-	-	2,509,656	1,130,219	377,201
Expenditures **						
<b><u>General Fund</u></b>						
Public Safety						
Police Department						
Personal Services	-	-	-	2,509,656	1,179,696	349,482
Other Services & Charges	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Public Works						
Engineering						
Other Service Charges	-	-	-	-	-	-
Culture & Recreation						
Library Fund						
Other Services & Charges	-	-	-	-	-	-
<b><u>General Fund</u></b>						
Capital Outlay	26,795	-	26,287	-	-	-
<b><u>Capital Projects Fund</u></b>						
Capital Outlay	-	-	-	-	-	-
<b><u>Water &amp; Sewer Fund</u></b>						
Capital Assets	-	-	-	-	-	-
<b><u>Airport Fund</u></b>						
Other Services and Charges	-	-	-	-	-	-
Capital Assets	-	-	-	-	-	-
Total expenditures	26,795	-	26,287	2,509,656	1,179,696	349,482
Accrued (Deferred) Revenue at September 30, 2011	\$ -	\$ -	\$ 26,287	\$ -	\$ 49,477	\$ 21,758

\* Matching Revenue

\*\* Categorized per Contract



	FEDERAL ASSISTANCE					
	U.S. Department of Federal Aviation Administrative (FAA) RAMP Grant M021WESLA			U.S. Department of Energy Renewable Energy Technology Program		
	Budget	Prior Years	Current Year	Budget	Prior Years	Current Year
Revenue						
Federal	\$ 50,000	\$ 6,749	\$ -	\$ 1,812,000	\$ -	\$ -
State						
City *	50,000	6,749	26,262	421,120	-	421,120
Total Revenue	100,000	13,498	26,262	2,233,120	-	421,120
Expenditures **						
<b><u>General Fund</u></b>						
Public Safety						
Police Department						
Personal Services	-	-	-	-	-	-
Other Services & Charges	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Public Works						
Engineering						
Other Service Charges	-	-	-	-	-	-
Culture & Recreation						
Library Fund						
Other Services & Charges	-	-	-	-	-	-
<b><u>General Fund</u></b>						
Capital Outlay	-	-	-	-	-	-
<b><u>Capital Projects Fund</u></b>						
Capital Outlay	-	-	-	-	-	-
<b><u>Water &amp; Sewer Fund</u></b>						
Capital Assets	-	-	-	2,233,120	-	512,048
<b><u>Airport Fund</u></b>						
Other Services and Charges	-	-	26,262	-	-	-
Capital Assets	-	-	-	-	-	-
Total expenditures	-	-	26,262	2,233,120	-	512,048
Accrued (Deferred) Revenue at September 30, 2011	\$ (100,000)	\$ (13,498)	\$ (13,498)	\$ -	\$ -	\$ 90,928

\* Matching Revenue

\*\* Categorized per Contract

CITY OF WESLACO, TEXAS  
NOTES TO SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE  
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL  
SEPTEMBER 30, 2011

	Federal Emergency Management Agency Hurricane Alex			TOTAL FEDERAL ASSISTANCE		
	Budget	Prior Years	Current Year	Total Budget	Total Prior Years	Total Current Years
Revenue						
Federal	\$ 51,039	\$ -	\$ 38,279	\$ 4,509,051	\$ 1,356,872	\$ 451,117
State						
City *	12,760	12,760	-	1,958,536	444,942	690,122
Total Revenue	63,799	12,760	38,279	6,467,587	1,801,814	1,141,239
Expenditures **						
<b><u>General Fund</u></b>						
Public Safety						
Police Department						
Personal Services	-	-	-	3,096,410	1,265,963	565,933
Other Services & Charges	-	-	-	-	-	-
Supplies	-	-	-	19,530	350	7,942
Public Works				-	-	-
Engineering				-	-	-
Other Service Charges	63,799	51,039	-	63,799	51,039	-
Culture & Recreation				-	-	-
Library Fund				-	-	-
Other Services & Charges	-	-	-	561,559	523,189	-
<b><u>General Fund</u></b>				-	-	-
Capital Outlay	-	-	-	393,338	103,528	80,017
<b><u>Capital Projects Fund</u></b>				-	-	-
Capital Outlay	-	-	-	-	-	-
<b><u>Water &amp; Sewer Fund</u></b>				-	-	-
Capital Assets	-	-	-	2,233,120	-	512,048
<b><u>Airport Fund</u></b>				-	-	-
Other Services and Charges	-	-	-	-	-	26,262
Capital Assets	-	-	-	-	-	-
Total expenditures	63,799	51,039	-	6,367,756	1,944,069	1,192,202
Accrued (Deferred) Revenue at September 30, 2011	\$ -	\$ 38,279	\$ -	\$ (99,831)	\$ 142,255	\$ 193,218

\* Matching Revenue

\*\* Categorized per Contract

Revenue

Federal  
State  
City \*

Total Revenue

Expenditures \*\*

**General Fund**

Public Safety

Police Department

Personal Services  
Other Services & Charges  
Supplies

Public Works

Engineering

Other Service Charges

Culture & Recreation

Library Fund

Other Services & Charges

**General Fund**

Capital Outlay

**Capital Projects Fund**

Capital Outlay

**Water & Sewer Fund**

Capital Assets

**Airport Fund**

Other Services and Charges  
Capital Assets  
Total expenditures

Accrued (Deferred) Revenue  
at September 30, 2011

\* Matching Revenue

\*\* Categorized per Contract

CITY OF WESLACO, TEXAS  
NOTES TO SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE  
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL  
SEPTEMBER 30, 2011

	STATE ASSISTANCE					
	Texas Department of Environmental Quality Compost Utilization Project			Texas Department of Public Safety Border Star V (2008)		
	Budget	Prior Years	Current Year	Budget	Prior Years	Current Year
Revenue						
Federal	\$ 126,600	\$ 58,875	\$ -	\$ 119,102	\$ 95,282	\$ -
State						
City *						
Total Revenue	126,600	58,875	-	119,102	95,282	-
Expenditures **						
<b><u>General Fund</u></b>						
Public Safety						
Police Department						
Personal Services	-	-	-	114,012	83,013	-
Other Services & Charges	-	-	-	5,090	5,017	-
Supplies	-	-	-	-	-	-
Public Works						
Engineering						
Other Service Charges	126,600	58,875	-	-	-	-
Culture & Recreation						
Library Fund						
Other Services & Charges	-	-	-	-	-	-
<b><u>General Fund</u></b>						
Capital Outlay	-	-	-	-	-	-
<b><u>Capital Projects Fund</u></b>						
Capital Outlay	-	-	-	-	-	-
<b><u>Water &amp; Sewer Fund</u></b>						
Capital Assets	-	-	-	-	-	-
<b><u>Airport Fund</u></b>						
Other Services and Charges	-	-	-	-	-	-
Capital Assets	-	-	-	-	-	-
Total expenditures	126,600	58,875	-	119,102	88,030	-
Accrued (Deferred) Revenue at September 30, 2011	\$ -	\$ -	\$ -	\$ -	\$ (7,252)	\$ (7,252)

\* Matching Revenue

\*\* Categorized per Contract

	STATE ASSISTANCE					
	Texas Department of Public Safety Border Star V (2009)			Texas State Comptroller LEOSE		
	Budget	Prior Years	Current Year	Budget	Prior Years	Current Year
Revenue						
Federal	\$ 80,000	\$ 64,000	\$ -	\$ 5,676	\$ 5,676	\$ -
State						
City *		15,693				
Total Revenue	80,000	79,693	-	5,676	5,676	-
Expenditures **						
<b><u>General Fund</u></b>						
Public Safety						
Police Department						
Personal Services	76,600	75,189	-	5,676	5,194	482
Other Services & Charges	3,400	4,504	-	-	-	-
Supplies	-	-	-	-	-	-
Public Works						
Engineering						
Other Service Charges	-	-	-	-	-	-
Culture & Recreation						
Library Fund						
Other Services & Charges	-	-	-	-	-	-
<b><u>General Fund</u></b>						
Capital Outlay	-	-	-	-	-	-
<b><u>Capital Projects Fund</u></b>						
Capital Outlay	-	-	-	-	-	-
<b><u>Water &amp; Sewer Fund</u></b>						
Capital Assets	-	-	-	-	-	-
<b><u>Airport Fund</u></b>						
Other Services and Charges	-	-	-	-	-	-
Capital Assets	-	-	-	-	-	-
Total expenditures	80,000	79,693	-	5,676	5,194	482
Accrued (Deferred) Revenue at September 30, 2011	\$ -	\$ -	\$ -	\$ -	\$ (482)	\$ -

\* Matching Revenue

\*\* Categorized per Contract

CITY OF WESLACO, TEXAS  
NOTES TO SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE  
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL  
SEPTEMBER 30, 2011

	STATE ASSISTANCE					
	Texas Dep.t of Information Resources Texas State Library & Archives Commission			TOTAL STATE ASSISTANCE		
	Budget	Prior Years	Current Year	Total Budget	Total Prior Years	Total Current Years
Revenue						
Federal	\$ 15,824	\$ 15,824	\$ (297)	\$ 347,202	\$ 239,657	\$ (297)
State						
City *				-	15,693	-
Total Revenue	15,824	15,824	(297)	347,202	255,350	(297)
Expenditures **						
<b><u>General Fund</u></b>						
Public Safety						
Police Department						
Personal Services	-	-	-	196,288	163,396	482
Other Services & Charges	-	-	-	8,490	9,521	-
Supplies	-	-	-	-	-	-
Public Works						
Engineering				-	-	-
Other Service Charges	-	-	-	126,600	58,875	-
Culture & Recreation						
Library Fund						
Other Services & Charges	15,824	15,527	-	15,824	15,527	-
<b><u>General Fund</u></b>						
Capital Outlay	-	-	-	-	-	-
<b><u>Capital Projects Fund</u></b>						
Capital Outlay	-	-	-	-	-	-
<b><u>Water &amp; Sewer Fund</u></b>						
Capital Assets	-	-	-	-	-	-
<b><u>Airport Fund</u></b>						
Other Services and Charges	-	-	-	-	-	-
Capital Assets	-	-	-	-	-	-
Total expenditures	15,824	15,527	-	347,202	247,319	482
Accrued (Deferred) Revenue at September 30, 2011	\$ -	\$ (297)	\$ -	\$ -	\$ (8,031)	\$ (7,252)

\* Matching Revenue

\*\* Categorized per Contract

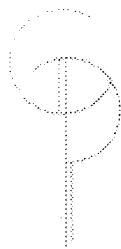
	TOTAL FEDERAL AND STATE ASSISTANCE		
	<u>Total Budget</u>	<u>Total Prior Years</u>	<u>Total Current Years</u>
Revenue			
Federal	\$ 4,856,253	\$ 1,596,529	\$ 450,820
State			
City *	<u>1,958,536</u>	<u>460,635</u>	<u>690,122</u>
Total Revenue	6,814,789	2,057,164	1,140,942
Expenditures **			
<u>General Fund</u>			
Public Safety			
Police Department			
Personal Services	3,292,698	1,429,359	566,415
Other Services & Charges	8,490	9,521	-
Supplies	19,530	350	7,942
Public Works	-	-	-
Engineering	-	-	-
Other Service Charges	190,399	109,914	-
Culture & Recreation	-	-	-
Library Fund	-	-	-
Other Services & Charges	577,383	538,716	-
<u>General Fund</u>	-	-	-
Capital Outlay	393,338	103,528	80,017
<u>Capital Projects Fund</u>	-	-	-
Capital Outlay	-	-	-
<u>Water &amp; Sewer Fund</u>	-	-	-
Capital Assets	2,233,120	-	512,048
<u>Airport Fund</u>	-	-	-
Other Services and Charges	-	-	26,262
Capital Assets	-	-	-
Total expenditures	<u>6,714,958</u>	<u>2,191,388</u>	<u>1,192,684</u>
Accrued (Deferred) Revenue at September 30, 2011	<u>\$ (99,831)</u>	<u>\$ 134,224</u>	<u>\$ 185,966</u>

\* Matching Revenue

\*\* Categorized per Contract

**REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENTAL AUDITING STANDARDS**





## GARCIA & PENA

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Manuel B. Garcia, CPA  
Jaime Y. Pena, CPA

Honorable Mayor and  
Members of the City Commission  
City of Weslaco  
Weslaco, Texas 78596

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Weslaco, Texas as of and for the year ended September 30, 2011 which collectively comprise the City of Weslaco, Texas basic financial statements and have issued our report thereon dated May 11, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Weslaco, Texas' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Weslaco, Texas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Weslaco, Texas' internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance whether the City of Weslaco, Texas' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

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Honorable Mayor and  
Members of the City Commission  
City of Weslaco, Texas  
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We noted certain matters that we reported to management of the City of Weslaco, Texas in a separate letter dated May 15, 2012

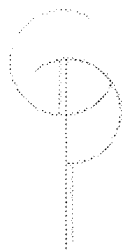
The City of Weslaco, Texas' response to the findings identified in prior years is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Weslaco, Texas' response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of audit committee, management and federal and state awarding agencies and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

  
Garcia & Pena, CPAs  
Certified Public Accountants

May 11, 2012

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**



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Manuel B. Garcia, CPA  
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Honorable Mayor and  
Members of the City Commission  
City of Weslaco  
Weslaco, Texas 78596

### Compliance

We have audited the City of Weslaco, Texas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Weslaco, Texas' major federal programs for the year ended September 30, 2011. The City of Weslaco, Texas' major federal programs are identified in the summary of auditors' result section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Weslaco, Texas' management. Our responsibility is to express an opinion on the City of Weslaco, Texas' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Weslaco, Texas' compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Weslaco, Texas' compliance with those requirements.

In our opinion, the City of Weslaco, Texas complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011.

### Internal Control over Compliance

The management of the City of Weslaco, Texas is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Weslaco, Texas' internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Weslaco, Texas' internal control over compliance.


Honorable Mayor and  
Members of the City Commission  
City of Weslaco, Texas  
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*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The City of Weslaco, Texas' responses to the findings identified in prior years' audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Weslaco, Texas' responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information of the Mayor, City Commissioners, management, federal awarding agencies and, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
Garcia & Pena, CPAs  
Certified Public Accountants

May 11, 2012

**CITY OF WESLACO, TEXAS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

SECTION 1- SUMMARY OF AUDITOR'S RESULTS

**Financial Statements**

Type of auditor's report issued: **Unqualified**

Internal control over financial reporting:

\* Significant deficiency (ies) identified \_\_\_\_\_ Yes   X   No

\*Significant deficiency (ies) identified that are considered to be material weaknesses? \_\_\_\_\_ Yes   X   No

Noncompliance material to financial statement notes? \_\_\_\_\_ Yes   X   No

**Federal Awards**

Internal control over major programs:

\* Material weakness (es) identified: \_\_\_\_\_ Yes   X   No

\*Reportable condition (s) identified that are considered to be material weaknesses? \_\_\_\_\_ Yes   X   No

Type of auditor's report issued on compliance for major programs: **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with Section 510 (a) of Circular A-133? \_\_\_\_\_ Yes   X   No

CFDA Number

Name of Federal Program or Cluster

16.810 / 16.813 / 16.738  
16.804 / 16.710 / 16.803

U.S. Department of Justice

97.073 / 97.074 / 97.044

U.S. Department of Homeland Security

81.041

U.S. Department of Energy

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee: \_\_\_\_\_ Yes   X   No

**CITY OF WESLACO, TEXAS  
SCHEDULE OF FINDINGS AND RESPONSES  
SEPTEMBER 30, 2011**

**Section II-Financial Statement Findings**

**PROGRAM**

**DESCRIPTION**

Findings for the fiscal year ended September 30, 2011:

**Reference Number 09-1**

**Internal Control Over Purchases**

Criteria:	All assets, equipment, and service acquisitions are processed through the City's Purchasing Department, in accordance with the City's policies.
Condition Found:	While conducting our audit, we observed that department heads are not following the proper protocol in purchasing assets, equipment, or services by overriding the Purchasing Department.
Context:	The City did not properly enforce its own internal control policies.
Effect:	By overriding the Purchasing Department, the City is not taking advantage of any efficiencies that the Purchasing Department can accomplish and the City is also violating its own local procedures, and may also violate state bidding procedures.
Cause:	The City has not established formal policies and procedures in correcting situations where department heads become non-compliant.
Recommendation:	<p>We recommend the City restructure its operations to follow its own internal policies in accordance with its purchasing manual – for all departments. This would set a pattern in allowing all affected departments to perform their duties more efficiently, beginning with the City Manager. He will have one source of information for all purchases.</p> <p>The Purchasing Department will seek the best pricing and costs and assure the City stays in compliance with State and Federal regulations. The Records Department will have access to the contracts generated and will allow it to properly document the contracts in accordance with State records retention requirements. The Accounting Department will have a clear trail of the transactions, with properly executed documents to process payments of invoices.</p>
Response:	During the current year, the City has gone through substantial changes and has been restructured. The City is determined to reestablish the purchasing function to the Purchasing Department.

**Current Year:**

The City reorganized its Purchasing Department during the current year under the Finance Department and redirected the flow of purchase orders. This condition is now under control, for the year-ending September 30, 2011.